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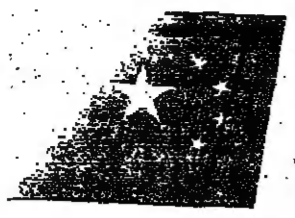

Safety in the air
China looks for help from the west
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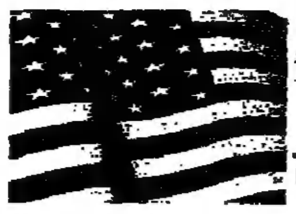

Join the dots
Clinton's zig-zag foreign policy
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FINANCIAL TIMES

Europe's Business Newspaper — WEDNESDAY AUGUST 10 1994 — D8523A

Burundi's capital closed as 15 die in tribal clashes

Strikes and clashes shut down Burundi's capital Bujumbura for a second day and authorities stepped up security as diplomats feared the country may follow neighbouring Rwanda into conflict. At least 15 people have been killed in Burundi in two days of clashes involving youths of the minority Tutsi tribe. Aid officials warned that their operations in south-west Rwanda and eastern Zaire could be affected.

Venezuela to prop up eight banks: Venezuela is taking steps to salvage eight troubled banks, including three of the country's largest, as the banking crisis that erupted in January continues to upset the financial system. Page 12

US companies in drugs row: American Home Products, maker of Advil, the US's second biggest-selling non-prescription analgesic, accused Procter & Gamble, and Syntex of making false claims in advertisements for a rival brand. Page 18

Johannesburg eases markets: The Johannesburg Stock Exchange announced moves toward market deregulation, including a timetable for removing barriers which have prevented banks and foreign companies from owning local brokers. Page 3

Israel to offer Jordan trade concession: Israel is preparing to make a unilateral trade concession worth millions of dollars to Jordan to keep up the momentum of the peace process between the two neighbours. Page 3

Precious stones widen UK trade gap: A big jump in imports of precious stones pushed the UK further into the red in May, with the visible trade deficit widening to £1.03bn ($1.6bn) from £770m in April. Page 5

US cautious over North Korea talks: US officials expressed caution that the latest talks between Washington and Pyongyang would find an acceptable solution to North Korea's suspect nuclear programme. Page 3

Barclays turns in £1.04bn: Barclays, the UK's largest bank, reported interim pre-tax profits of £1.04bn ($1.61bn) after a £680m fall in bad debt provisions. The results signal a return to health for Barclays, which cut its dividend in 1992 when it lost £242m because of poor lending. Page 13; Lex, Page 12; Details Page 18

Minorco backs Terra fertiliser bid: Minorco, Luxembourg-based arm of the Anglo American De Beers group of South Africa, is backing a $405m acquisition by its Terra Industries subsidiary which will make Terra one of the largest producers of nitrogen fertiliser in North America. Page 13

Beirut contract for Trafalgar House: UK construction and engineering group Trafalgar House signed a $49.6m contract to reconstruct part of Beirut's war-damaged sports complex, which is due to host the Pan-Arab Games in 1996. Page 4

BHP to seal death blast mine: Broken Hill Proprietary and its workers' union decided to seal a pit at Moura, central Queensland, entombing 11 coalminers killed in an underground explosion. Page 3

Equitable shares fall despite earnings rise: The share price of The Equitable, US insurer 49 per cent owned by French group Axa, fell despite strong growth in second-quarter profits to $68.5m from $47.5m a year earlier. Page 15

British Midland to fly into Orly: British Midland, the UK's second largest scheduled airline, is to follow British Airways by starting daily flights into Orly airport in Paris. Page 4

Thomson moves into UK holidays market: Thomson Travel Group, the UK's biggest overseas holiday company, yesterday made its first move into domestic tourism by announcing the acquisition of Marrhigh, which runs a holiday cottage business. Page 14; MMC will not probe travel sector, Page 5

Film lifts income at PolyGram: The low-budget film *Four Weddings and a Funeral* helped PolyGram, London-based music and film group 75 per cent owned by Philips of the Netherlands, lift half-year net income 14.7 per cent to Fl234m ($131m). Page 13; Lex, Page 12

Three months extra for Graces: Campaigners hoping to keep Canova's "The Three Graces" in Britain were given an extra three months to raise the money needed to stop the statue going to the Getty Museum in California, which has bought it for £7.6m ($11.8m). The museum said: "Evidently the faith we had in the British licence system has been misplaced." Page 5

■ STOCK MARKET INDICES

FT-SE 100:	3168.6	(-3.3)
Yield	3.96	
FT-SE Eurotrack 100	1393.35	(-15.84)
FT-SE-A All-Share	1586.58	(-0.1%)
Nikkei	20,590.22	(-45.61)
New York: lunchtime		
Dow Jones Ind Ave	3752.84	(-0.97)
S&P Composite	457.70	(-0.19)

■ US LUNCHTIME RATES

Federal Funds:	$4\frac{1}{4}$%
3-mo Treas Bills: Yld	4.574%
Long Bond	$84\frac{1}{2}$
Yield	7.572%

■ LONDON MONEY

3-mo Interbank	$5\frac{9}{16}$%	($5\frac{5}{8}$%)
Liffe long gilt future:	Sep $101\frac{21}{32}$	(Sep $102\frac{13}{32}$)

■ NORTH SEA OIL (Argus)

Brent 15-day (Sep)	$17.995	(18.11)

■ Gold

New York Comex	$383.0(Dec)	(382.3)
London	$378.0	(same)

■ STERLING

New York lunchtime:		
$	1.53855	
London:		
$	1.5392	(1.542)
DM	2.4349	(2.438)
FFr	8.3441	(8.3473)
SFr	2.0536	(2.056)
Y	155.762	(156.274)
£ Index	79.4	(79.5)

■ DOLLAR

New York lunchtime:		
DM	1.58475	
FFr	5.4285	
SFr	1.336	
Y	101.35	
London:		
DM	1.582	(1.5811)
FFr	5.4212	(5.4133)
SFr	1.3344	(1.3334)
Y	101.2	(101.345)
$ Index	63.6	(same)
Tokyo close Y 101.43		

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$16	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30		
Bulgaria	Lv80.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50		
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00		
Czech Rp	CZK50	Israel	Shk8.90	Norway	NKr17.00	Spain	Pta225		
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16		
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30		
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00		
France	FFr9.50	Kuwait	Fils625	Poland	Zl 32,000	Tunisia	Din1.500		
Germany	DM3.50	Lebanon	US$1.50	Portugal(m'land)	Es225	Turkey	L30000		
						UAE	Dh12.00		

Japanese investors hit by the curse of the pyramids

By Gordon Cramb in Tokyo

Japanese investors, in common with their counterparts in Moscow and the UK, are finding that innovative local companies have yet to perfect the profitable pyramid scheme.

Government figures yesterday suggested that police found 331,000 investors stuck in pyramid schemes in the first seven months this year, more than double the 163,500 affected for the whole of last year.

Multi-tiered marketing, as proponents prefer to describe such schemes, is not illegal in Japan. The ministry of international trade and industry releases occasional warnings to take care in dealings with certain companies, and urges mainstream employers to warn their workforces.

The pyramid companies are called *nezumiko* ("mice networks") because of their constant need to breed. Unlike MMM, the subject of Muscovite riots, or most ventures against which the UK Department of Trade and Industry has acted, Japanese pyramid companies often have a product of sorts to sell.

But they rely on the same principle: paying anything near their projected dividends requires continuing recruitment of participants who will be progressively less advantaged as the pecking order grows.

The losses have been mounting quickly this year. Stakeholders' losses reached Y76.2bn ($770m) in the first seven months, up from Y29.5bn in 1993 and just Y7.1bn the year before, when barely 30,000 people were caught out.

In the latest known case, Sun Flower, a Tokyo company selling water and air purifiers, fax machines and health foods, recruited some 280,000 agents by telling them they would earn as much as Y1m a month. The agents were expected to buy products themselves, and police say that few made any money except the 20 executives subsequently arrested.

In February, police accused directors of an Osaka waterbed maker of illegally persuading people to part with at least Y230,000 for one of its products, plus Y10,000 apiece to join a scheme where they would earn commission not only from those they recruited but from all those beneath them in the chain.

Agents of such companies canvass acquaintances or sell door-to-door in their spare time. Most are young white-collar workers, often newly relocated to big cities and inspired by the expectation of getting rich quick at a time when their regular employers are cutting bonuses.

The pyramid companies sometimes offer credit terms to get recruits started, but Ms Keiko Furukawa of the Tokyo metropolitan government consumers' centre says there are other seductions. One company making jacuzzi attachments for baths held regular barbeques for members

Japanese police can act only on technical infringements, and seven of the 15 raids last year led to no arrests. In some cases companies resume trading under another name.

EU court overturns anti-trust pact with US

By Emma Tucker in Brussels

The European Court of Justice yesterday ruled that an anti-trust agreement signed between the European Commission and the US government was void. The decision raised again the sensitive issue of who has the legal authority to sign bilateral agreements on behalf of the European Union.

The Luxembourg-based court ruled that the agreement – signed three years ago and designed to promote co-operation between the competition authorities of the EU and the US – should have been concluded by the Council of Ministers rather than by the Commission.

Lawyers in Brussels said the court ruling was a significant setback for the Commission, which was trying to create a framework with the US competition authorities to vet global corporate agreements. However, the Commission said the case was "exceptional" and the council would give its approval to the deal very soon.

The Commission insisted yesterday that the court's decision would have no bearing on other bilateral accords already agreed, but would cause it to tread more carefully in fashioning agreements that might require more than administrative approval, which is the Commission's responsibility.

The decision comes amid other wrangles between the Commission and EU member states over who should take responsibility for concluding international agreements, notably over who should ratify the Uruguay Round pact under the General Agreement on Tariffs and Trade.

The Commission has already asked the European Court for an opinion on where legal authority lies in matters covered by Gatt.

The court is expected to find in favour of the Commission, a prospect causing some consternation among member states such as the UK and France, which are wary of pressure towards further integration.

Confusion over Gatt ratification together with yesterday's ruling will highlight the need for member states and the Commission to settle questions of where responsibility lies within the EU. These matters are expected to be tackled at the 1996 intergovernmental conference which will review the Maastricht treaty and look at ways of streamlining decision-making in an enlarged EU.

Sir Leon Brittan, who signed the deal as commissioner responsible for external economic affairs, believed the matter was administrative and did not need to go before the council.

However, France, backed by Spain and the Netherlands, launched the court action, arguing that for an international agreement signed with another government, it was not the Commission's place to represent the EU, but rather a matter for the member states, as represented by the council.

The court largely agreed with that reasoning.

The Commission stressed that in most cases, bilateral agreements went before the council but that this agreement was a special case.

It added that the substance of the agreement was not in question and that it was likely to be approved without alteration by the council.

While the Commission argued that the court ruling was not a setback for anti-trust co-operation with the US, some lawyers warned that the finding could hinder co-ordination.

Rudolph Scharping, who is challenging Helmut Kohl to take over as German chancellor, addresses supporters in Bonn yesterday after opening the final phase of his election campaign.

Mr Scharping, leader of the opposition Social Democratic party, accused Mr Kohl of being responsible for the mood of uncertainty and lack of direction in the country, and he charged Wolfgang Schäuble, Mr Kohl's closest ally, of organising a "nationalistic front".

The Social Democrats also unveiled the slogan they hope will help them win power in the general election on October 16: "Look forward to the change, Germany!"

Party leaders flatly rejected hints by Mr Kohl that a "grand coalition" between his Christian Democrats and the SPD might be possible. However, even if the electoral outcome forces such a solution, yesterday's statements suggest that the SPD will not accept the chancellor as its leader. Report, Page 2 Picture: Reuter

Charter in setback over Esab takeover attempt

By Hugh Carnegy in Stockholm

Charter, the UK industrial group, yesterday suffered a severe setback in its plans to take over Sweden's Esab, the world's biggest welding equipment supplier, when a group of leading Swedish institutional shareholders rejected its bid.

During a dramatic day, reminiscent of the Swedish shareholder revolt that halted Volvo's attempt last year to merge with Renault, five institutions which hold almost 20 per cent of the voting capital in Esab announced, one by one, their rejection of the British offer.

That means Charter cannot get the 90 per cent acceptance it had set as a condition for its recommended £260m ($403m) bid by Friday's deadline.

Mr Jeffrey Herbert, Charter's chief executive, said the company might abandon the entire deal despite having already secured 53 per cent of the voting capital in Esab. He said the bid price of SKr345 a share was a fair offer, despite a surge in Esab's share price since the offer was made in late June to SKr355.

"Nothing has changed the terms of our offer," said Mr Herbert, who was in Stockholm yesterday in an unsuccessful attempt to talk round the institutions. "If we do not reach the required level of acceptances by

Continued on Page 12

German N-industry wins key court battle over fuel plant

By Quentin Peel in Bonn

Germany's nuclear industry won a vital court victory yesterday in its bitter campaign to keep open the long-term prospects for nuclear power generation in the country.

The Supreme Administrative Court in Berlin ruled that work could continue on the plant being built by Siemens, the power and engineering group, to manufacture mixed-oxide (MOX) fuel elements from plutonium for atomic power stations.

The court dismissed the challenge by environmental campaigners to three key licences in the building authorisation for the plant, overruling the decision of the state administrative court in Kassel.

However, six further legal challenges remain to be cleared before the MOX plant at Hanau, near Frankfurt, can go into production.

The plant is the most important missing link in the nuclear fuel chain in Germany, needed to enable atomic power stations to reuse plutonium reprocessed under contract in Britain and France.

It is already 95 per cent complete, at a cost of DM1.1bn ($700m), but building work has slowed to a snail's pace because of the environmental battle.

The Berlin court decision was greeted with enthusiasm by the Siemens management at Hanau, where a spokesman said that "building work can now proceed on a secure legal basis".

It was flatly condemned by Mr Joschka Fischer, the Green party environment minister in the state of Hesse, who has been the leading opponent of the plant. He said it was irresponsible, and promised to continue his campaign against any processing of plutonium in the state.

In contrast, Mr Klaus Töpfer, the federal environment minister in Bonn, welcomed the decision, saying that Mr Fischer's campaign against Hanau had caused "irreparable damage" to Germany's economic competitiveness.

Two more building licences for the Hanau plant face similar challenges to the three approved yesterday, as do four licences required before uranium can be processed there. Siemens said yesterday that it had no indication when the cases would come to court.

The company said that if all

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SPD rejects idea of Kohl-led coalition

By Quentin Peel

Helmut Kohl: "No longer acceptable," says SPD Glyn Genin

Leaders of Germany's opposition Social Democrats warned Chancellor Helmut Kohl yesterday that, if he loses his coalition majority at the general election in October, he cannot expect to remain in the government.

They flatly rejected hints by Mr Kohl that a "grand coalition" between his Christian Democrats and the opposition SPD might be possible. However, even if the electoral outcome forces such a solution, yesterday's statements suggest that the SPD will not accept the chancellor as its leader.

"He cannot seriously think we would allow him to stay in government if his coalition loses its majority," said Mr Günther Verheugen, general secretary of the SPD and its chief electoral strategist. "Kohl is no longer acceptable for this country."

His declaration, to an election campaign launch conference of party candidates and officials, marks a clear shift in SPD tactics to focus their assault on Mr Kohl himself. It amounts to a calculated risk, for the chancellor is also seen as the best selling point for the governing coalition.

Mr Verheugen also challenged Mr Kohl to face Mr Rudolf Scharping, the party leader, in a public debate on television, if he insists on fighting the campaign on the basis of personalities.

Mr Scharping himself gave another fighting speech to his supporters, determined to allay criticism that he is too dull and worthy to win popular support. He accused Mr Kohl of being responsible for the mood of uncertainty and lack of direction in the country, while he charged Mr Wolfgang Schäuble, the chancellor's closest ally, of organising a "nationalistic front".

Although the SPD has obviously decided that frontal attack on Mr Kohl is the best form of defence, the party is also hammering away at the government's record on unemployment, social justice, and the unequal pain of German unification. Those were the issues, Mr Verheugen said, about which electors cared.

He warned the party against paying too much attention to the opinion polls, which show the SPD trailing between three and eight percentage points behind the CDU. The same polls showed that the coalition no longer had any majority itself, he said, thanks to the weakness of the Free Democratic party, the junior partner.

At the same time, both SPD and CDU are acutely aware that the entire election outcome could hang on the performance in eastern Germany of the Party of Democratic Socialism (PDS), the former Communist party. If the PDS can win its way into the next parliament, it could prevent either side winning a clear majority – and force them into a grand coalition.

France clamps down on five Islamist publications

By John Ridding in Paris

France yesterday banned five Islamist publications and detained another 36 people as part of its clampdown on suspected Algerian Moslem fundamentalists.

The crackdown is aimed at preventing terrorist attacks in the wake of threatened reprisals against France for the internment of 17 suspected Moslem militants in an army barracks in north-eastern France. The internments followed the deaths of five French citizens in last week's attack on a French embassy building in Algiers.

In a demonstration of its tough line, the French interior ministry justified the moved by claiming that the distribution of the publications "could endanger public order because of their violently anti-western and anti-French tone and the calls for terrorism which they contain".

Paris police said that a further 36 people had been detained during a third successive night of spot-checks on vehicles and pedestrians. Monday night's detentions took to more than 100 the number held for questioning since the police launched their clampdown on Saturday.

Some senior Moslem figures expressed fears that the upsurge in violence in Algeria and the crackdown in France could damage the position of the Moslem community in France. "What we fear is that France will see a terrorist in every Moslem," said Mr Dalil Boubakeur, head of the Paris Mosque. "The fragile consensus between the Moslem community and French society could be broken".

Mr Boubakeur criticised the threat of reprisals issued by the Islamic Salvation Army, a militant group linked to the Islamic Salvation Front which is outlawed in Algeria after having been poised to win elections in 1992. "It would be folly for Moslems to believe there could be any interest or benefit in taking violence to France."

Domestic criticism of the clampdown remained muted, although the opposition Socialist party demanded the centre-right government should expand contacts with moderate Moslems in Algeria. Mr Charles Pasqua, interior minister, argues, however, that there is no choice but to back Algeria's military-led government or see extreme fundamentalists take power in France's former colony.

France's hardline approach has demonstrated a rift with diplomatic partners, such as the US, which favour increased dialogue with moderate Moslems. The French foreign ministry has sought to play down the rift, claiming France's western allies shared its concerns and were taking the situation very seriously.

Athens tax gamble pays dividends

Kerin Hope on improving signs in Greece's state finances

Greece's economy minister, Mr Yannos Papantoniou, sent his economic advisers on holiday this week, reassured by figures from the finance ministry showing a substantial rise in tax revenues.

For the first time in four years, inflows have started to match the budget projection. Revenues for May-July were up by 22 per cent, exactly on target, after increasing by only 11 per cent over the previous three months.

The Greek propensity for making wildly optimistic revenue forecasts is one reason why confidence remains low in the government's ability to reduce its borrowing requirement, projected to reach 10.4 per cent of gross domestic product this year.

Another is the reluctance of successive governments to tackle tax evasion, although the black economy is estimated at more than 30 per cent of gross domestic product.

Burdened by a public debt amounting to 110 per cent of GDP, an inflation rate of 11.2 per cent and flat growth, Greece appears to have only a faint chance of achieving the Maastricht targets for European economic union.

Yet Mr Papantoniou has brushed aside warnings from the European Commission, the Organisation for Economic Co-operation and Development and, most recently, the International Monetary Fund, that a fiscal package was vital to prevent a revenue shortfall this year, projected at Dr400bn-Dr500bn (£1.09bn-£1.36bn). "I knew it was a risk to insist there was no need for new measures, but that the existing system should be properly implemented," he says. "But it's starting to pay off."

The catalyst, he says, was a new tax law aimed at reducing VAT evasion by seizing goods and imposing stiff fines on traders whose paperwork is incomplete. At the same time, the finance ministry offered generous settlement terms for 7.5m pending tax disputes involving a total of Dr1,300bn in arrears, hoping to recover a total of Dr200bn this year.

"There's been a positive response because the settlement is automatic and doesn't mean going to court or negotiating with the tax authorities," Mr Papantoniou adds.

The sceptical view is that much of the revenue increase derives from taxpayers' willingness to make settlements, rather than from more efficient revenue collection. On the other hand, the rise in VAT receipts, up by 13 per cent since May, against 6 per cent in the first quarter, suggests that the finance ministry's surprise check-ups on businesses are having an effect.

Mr Papantoniou maintains the budget shortfall can be contained at around Dr300bn this year. It would be covered by floating 25 per cent of OTE, the state telecoms monopoly, on the Athens stock exchange in November.

Opportunities for raising extra revenue are more plentiful now that the governing Socialists have reversed their opposition to privatisation, backing partial flotations of state enterprises.

DEP, a profitable holding group for state-controlled oil refining and petrochemicals companies due to be floated in 1995, will hand over Dr50bn to the finance ministry this year as a cash advance.

With the government hoping to raise Dr700bn from privatisations over the next three years, sales and long leases of state-owned assets, like resort hotels and marinas, are also back on the agenda.

However, the Socialists' insistence that the state should retain management control of public sector companies chosen for flotation could deter investors. The IMF points out in its latest report on the Greek economy that partial privatisation "would neither have significant benefits in terms of efficiency nor generate substantial revenues".

Analysts also complain that the government's preoccupation with raising cash obscures the problem of stimulating GDP growth, projected at an average 1.3 per cent over the next three years, against 2.2 per cent for the rest of the European Union.

While EU transfers from the Delors II package for modernising infrastructure will start flowing this autumn, boosting the state investment budget by more than 6 per cent in 1994, the outlook for private investment is constrained by interest rates approaching 30 per cent.

Private investment growth this year is forecast at 2.5-3 per cent, after a fall in 1993. A private sector research group, IOBE, predicts that investment in manufacturing will improve by 7 per cent this year, but notes that "while business prospects have not deteriorated, investment activity in industry remains hesitant".

Italian media upset Berlusconi

By Andrew Hill in Milan

The chief of staff of Mr Silvio Berlusconi, the Italian prime minister, yesterday accused the media of applying double standards when judging the Italian government and its predecessors.

Mr Gianni Letta, former deputy chairman of Mr Berlusconi's Fininvest group, complained to journalists that the three-month-old government was getting a rough deal compared with the previous technocratic administration of Mr Carlo Azeglio Ciampi.

Mr Berlusconi's government has made a series of political mistakes recently, and come under attack from the opposition and from members of the coalition itself, most notably the populist Northern League.

The onset of the summer holidays does not seem to have reduced the pressure on Mr Berlusconi, or on Italian markets. The Italian lira weakened yesterday in slow trading to close at L1,001 against the D-Mark, amid worries about the coherence of the coalition.

Mr Letta's press conference was called to clear the air following suspension of a pro-government TV advertising campaign. Certain commercials outlining the achievements of the Berlusconi government were pulled by state television on Monday, after Italy's media ombudsman reacted to claims that the government was abusing its right to screen commercials for public information only.

The part of the campaign explaining changes in tax policy is still running, and Mr Letta said yesterday Mr Berlusconi – whose Fininvest group owns three Italian commercial TV stations – would not be deterred from launching such campaigns in future.

He pointed out that the outgoing Ciampi government had issued extensive press releases outlining its achievements. "[The Ciampi government]... received only praise, whereas the Berlusconi government has had only abuse," he said.

Meanwhile, Mr Umberto Bossi, the Northern League's leader, has indicated the League will put forward its own set of economic measures after the holiday on August 26.

Meanwhile Italian newspapers yesterday carried extensive reports of the interrogation of Mr Berlusconi's younger brother Paolo by Milan magistrates, based on a transcript of the interview. According to this transcript, Paolo admitted authorising payments of L330bn to Italian anti-fraud police to avoid tax investigations into three Fininvest companies.

EUROPEAN NEWS DIGEST

US sees hope for easing of Serb sanctions

US Secretary of State Warren Christopher yesterday endorsed the easing of sanctions against Serbia if Belgrade keeps its promise to stop aiding the Bosnian Serbs. "If there is a substantial period of enforcement, if the border was effectively closed, and if the Bosnian Serbs seem to be deprived of important aid and war-making material, clearly there then would be a case for easing of the sanctions," Mr Christopher said. Wary of taking Mr Slobodan Milosevic, Serbia' leader, at his word, Mr Christopher's cautious statement nonetheless indicates that the US sees steps to isolate the recalcitrant Bosnian Serbs as a potential turning point.

Mr Milosevic last week cut ties after the *Bosnian Serbs* rejected the latest western-backed peace plan. The isolated Bosnian Serbs face additional pressure from the US Congress. A Senate amendment to lift the arms embargo against Bosnia may be introduced as early as today. However, the White House fears any unilateral move would endanger allied peace-keeping efforts. *Matthew Kaminski, London*

Belarus lifts some subsidies

The Belarussian government has confirmed its sudden conversion to market reforms with a decision to lift subsidies on bread and milk. The move, which could lead to a tenfold price increase, suggests that President Alexander Lukashenko, once expected to adopt reactionary economic policies, was sincere in his post-election pledge to pursue reforms. Maintaining food subsidies has been a particularly costly choice because it has led to an exodus of goods from Belarus into neighbouring countries which have already liberalised prices. Prime Minister Mikhail Chigir, the reformer whom Mr Lukashenko appointed shortly after his election last month, admitted that the leap in prices would cause hardship for Belarussians, but said that without price liberalisation other market reforms would be impossible.

The growing momentum for market reforms in both Belarus and Ukraine is bad news for Russian conservatives who had expected the new presidents of the two Slavic states to favour closer relations with Russia and a return to a centrally planned economy. *Chrystia Freeland, Moscow*

Russian private employment up

More than half of Russia's workers are now employed in the private sector as the country continues to develop a market economy, the government said yesterday. The latest report from the state statistics committee did not say exactly what share of the economy was now in private hands. But it did say that Russia now had nearly 1m small businesses employing 9m people. The committee said a majority of workers were now employed in the private sector and that 70 per cent of state-controlled industry had been turned over to private owners since market reforms began in 1992. Two-thirds of these privatised enterprises were profitable, the government figures claimed. *AP, Moscow*

Khasbulatov in power bid

Mr Ruslan Khasbulatov, the former speaker of the Russian parliament who was ousted in an violent struggle with the President Boris Yeltsin last October, yesterday stepped up his bid to return to power in his native Chechnya. Chechnya, which effectively broke away from the Russian Federation two years ago, is now gripped by a civil war between supporters of President Dzhokhar Dudayev and opposition forces which have turned to Moscow for support.

Mr Khasbulatov, an ethnic Chechen, offered yesterday to mediate between the warring factions. This may prove unnecessary, however. Reports from Chechnya suggest that Mr Dudayev's forces still control most of the territory in the republic and Russia is proving to be a reluctant ally for the Chechen opposition. Reports suggest opposition leaders have lost popular support because of their open links with Russia. *Chrystia Freeland, Moscow*

EU curb on Greek livestock

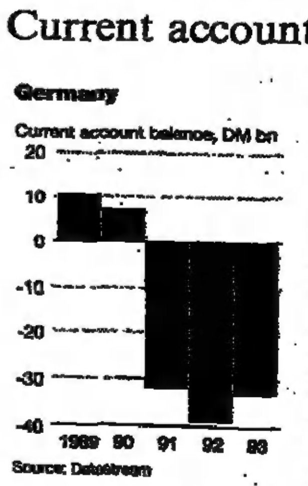
The European Union has placed Greece under quarantine for exports of livestock and fresh meat following an outbreak of foot-and-mouth disease. The decision, due to be published in the EU's official journal today, also orders tight controls on exports of processed meat and dairy products, Deputy Agriculture Minister Vassilis Vasilakakis said. "The EU banned exports of live animals and fresh meat until August 22 when a committee will review the decision, taken last night. There is no threat to public health, we are on 24-hour alert, and we are meeting EU directives," he said. Bulgaria, which borders Greece in the northeast, has already ordered a ban on trucks that fail to carry a decontamination certificate for the disease, he said. *Reuter, Athens*

PolSat continues broadcasting

Poland's privately-owned PolSat TV plans to continue transmission despite a Supreme Administrative Court ruling suspending its licence for nationwide broadcasting, a PolSat official said yesterday. The court made the decision last Friday at a closed session, citing numerous legal challenges the station faced. The National Radio and TV Council, Poland's broadcasting authority, suggested the ruling infringed its authority and said it would have to look carefully into the issue. The authority granted the licence to PolSat in January, rejecting bids from from several foreign-Polish media groups. It said it prefered PolSat because it was fully Polish-owned. However, the challengers said they had been offering better programming and had sounder financial foundations. Among PolSat's critics was President Lech Walesa, who reportedly tried to remove the chairman of the broadcasting council for giving the licence to the station. *Reuter, Warsaw*

ECONOMIC WATCH

Current account deficit declines



Final current account figures produced by Germany's Federal Statistics Office show a revised deficit of DM33.2bn (£13.6bn) for 1993, compared with a provisional DM35.2bn shortfall, the Bundesbank said. The German capital account surplus for 1993 was unchanged at DM20.8bn, a statement said. For 1992, the current account had a deficit of DM39.2bn and the capital account a surplus of DM134.8bn. Changes in the way trade data are gathered because of the European single market have led to long delays in the reporting of trade and current account data since early 1993. The statistics office said recently that it also expected an extensive revision in first-half 1994 figures. These are due to be released late on August 26.

■ Spain's consumer price index is expected to have risen nearly 0.4 points in July, to put the year-on-year inflation rate at 4.7 per cent, the same as June's, according to a Reuter survey of analysts' forecasts. Expectations for the figures, due on Friday, range from 0.2 to 0.7 per cent for the monthly increase and 4.5 to 5 per cent for the yearly rate.

■ The Dutch trade surplus narrowed to a provisional Fl 1.3bn in April from an upwards revised Fl 2.3bn in March, the central bureau of statistics said.

Hope rises amid the nostalgia for Soviet past

Chrystia Freeland finds entrepreneurs beavering away in the Donbass

Ukraine stirs

In many respects, Mariupol is the typical, botched result of Soviet central planning. Statues of Lenin in heroic poses still grace its main squares, the local telephone network is so dreadful that calling from Kiev is a day-long task, and the grimy yellow substance that comes out of the city's water taps is unfit to drink.

But, nearly three years after the collapse of the Soviet Union and the centrally planned economy of which Mariupol was an integral part, a few elements have emerged in this dismal industrial cityscape which point the way to a new future.

Mariupol is in the Donbass, Ukraine's depressed industrial heartland which sent communist MPs to parliament in expression of its nostalgia for the Soviet past, but in recent mayoral elections the city voted for a wealthy young entrepreneur who prefers laissez-faire economics to Marxism-Leninism.

The Spartak, Mariupol's main hotel, is as grimy as they come in this part of the world, but its rickety balconies are spiky with the satellite dishes of western businessmen who need reliable contact with their headquarters in London, Frankfurt, Milan and New York.

Even Azovstal, one of the biggest steel mills in the former Soviet Union and one of Mariupol's main employers, is jousting for its share in the world market rather than settling for the decline which appears to be the fate of most of the Soviet-era factories in the region.

In its efforts to adapt to the market, Azovstal, like most enterprises in Ukraine, has thus far found the central government to be more of a help than a hindrance. Mr Oleksandr Bulianda, the plant's director, is not afraid to let the Kiev bureaucracy know exactly what he thinks about its management of the country.

When a deputy minister calls on the special, Soviet-era government telephone which looks out of place next to the high-tech gadgets on Mr Bulianda's desk, he launches into a tirade: "This country is run more badly than a whore-house. At least in a whore-house there is order, here we have total chaos.

"I have metals traders from all over the world begging me to sign contracts with them, but you idiots refuse to give me export quotas."

Last year, Azovstal, which western metals companies rate as one of the best steel mills in the former Soviet Union, exported 1.5m tonnes of steel to customers outside the former Soviet Union. Mr Bulianda expects to export 1.8m tonnes this year, slightly more than half Azovstal's total production.

Mr Bulianda's main foreign partners are Germany's Klöckner, Italy's Duferrco and two companies that operate mainly in the former Soviet Union, Metals Asia and AIOC.

But Mr Bulianda's room for manoeuvre is restricted by the central government's administrative control over exports and prices.

"Fixed prices are a real stupidity," Mr Bulianda complains. "The producer will never work at a loss. This system must have been dreamt up by some idiot, we don't even know who."

The restrictions have hit particularly hard at trade with Russia, traditionally Ukraine's main economic partner: in 1991, Azovstal shipped 700,000 tonnes of steel to Russia, this year 70,000, a drop Mr Bulianda attributes mainly to the difficulty in securing export quotas for Russia.

Notwithstanding Mr Bulianda's progressive attitude – he is described by the western metals traders queueing at his door as "one hundred per cent capitalist" and had the foresight to begin purchasing up-to-date western equipment during the dying days of the Soviet Union – Azovstal is not finding the transition to the market entirely painless.

Azovstal is operating at only half capacity, which Mr Bulianda attributes to the difficulty in purchasing fuel from Russia rather than to a lack of customers. Moreover, he says, the factory could comfortably lay off 7,000 of its 21,600 workers. But Mr Bulianda ("I guess I'm still half socialist") refuses to sack any.

Within the next few months the factory, currently leased by its employees from the state, is to be privatised. Between 30 and 40 per cent of the shares will be sold through a public offering and Mr Bulianda hopes a western investor, preferably one of the companies he already does business with, will buy a large bloc of these shares.

Although Mr Bulianda predicts a struggle with the central government over privatisation, he may find his path clearer now that Ukraine has elected a new president and heads of regional government. President Leonid Kuchma has promised swift privatisation and Mariupol's new mayor, Mr Mykhailo Pozhyvanov, is a member of the Reform bloc in parliament, the most progressive political faction in the country.

Once an Azovstal employee, Mr Pozhyvanov left the state mammoth to make his own way as a metals trader, founding a company whose turnover last year was $150m.

Mr Pozhyvanov cheerfully admits that the election of a radical market reformer "is political nonsense in the communist Donbass", but he sees his victory as a sign that even in this, one of the most conservative regions of Ukraine, the nascent bourgeoisie is maturing into a political elite.

If Mr Kuchma manages to implement the reforms Mr Pozhyvanov supports, things will get worse in Mariupol before they get better. But Mr Pozhyvanov is betting that even in the industrial Donbass there are enough factories like Azovstal, and enough new private businesses, to cushion the shock of the painful economic remedies he is lobbying the new government to administer.

Previous articles in this three-part series appeared yesterday and on Monday

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New president puts his stamp on the state

Ukraine's newly-elected President Leonid Kuchma has taken a first bold step toward fulfilling his campaign promise of economic reform by unilaterally extending his own authority and tightening credits to the state sector, Reuter reports from Kiev.

In an effort to break through bureaucratic gridlock and parliamentary obstacles, Mr Kuchma this week issued decrees to take effective control over the government and regional administrations. The measures are a challenge to the country's Communist-driven parliament, currently in summer recess. In the past leading MPs, many of them hostile to reform, have announced their aim of establishing a parliamentary republic and curbing presidential powers.

In the decrees, Mr Kuchma has asserted his right to appoint officials, including deputy ministers and heads of committees, who are on the front line of implementing policy. He may also try to chair chair cabinet meetings on economic policy and reforms, thus curbing the role of the prime minister, Mr Vitaly Masol, elected by parliament in June.

Local council and executive heads are now also required to obey presidential directives. However, the decrees are likely to run up against a growing movement toward greater regional autonomy, an idea which Mr Kuchma himself approved in his presidential campaign earlier this summer.

In the credit tightening decree, cash-strapped state enterprises are being required to submit business plans which explain why the state loans are needed and how they will be paid back. The intention is for fiscal discipline to replace the previous, often haphazard process of issuing credits to enterprises' directors with good ministerial connections.

NEWS: INTERNATIONAL

Falling prices could drive Japan into the rough

Lower golf course fees and other consumer costs may not be all good news, writes **Gerard Baker**

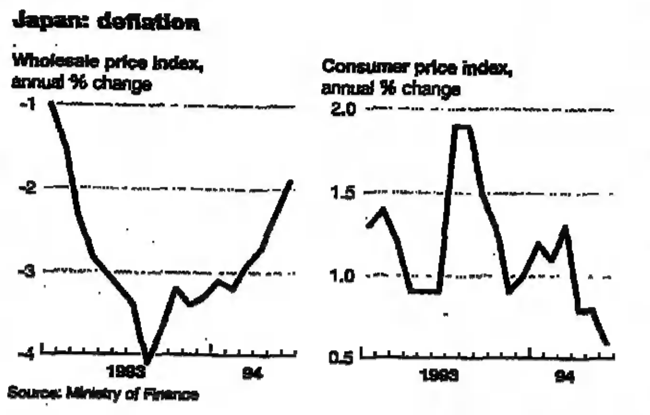
The $130 round of golf has at last arrived in Japan. Last month, some clubs just outside Tokyo began charging Y13,000 for so-called "self days" – 18 holes without a caddy.

A few years ago the same courses were charging between Y30,000 and Y40,000 for an afternoon's entertainment.

What is happening on the golf courses is typical of the most striking by-product of the country's long recession – falling prices.

Prices of many goods and services are in steep decline. Though the government's official statistics say that consumer price inflation is still positive, at 0.9 per cent last month, hardly anyone believes them any longer. The official index – revised every five years – measures patterns of spending that are no longer prevalent in Japan.

In particular, it underweights both services, such as a round of golf, and the vast discount sector that has sprung up in the last few years. Japanese consumers have sharply increased the proportion of their household spending in these discount emporia – yet these sales are barely picked up in the official figures.



Unofficial evidence suggests prices have been falling for more than a year. A recent survey by the large Seiyu supermarket chain estimated that prices in its shops had dropped by 6 per cent in the last year. Even the official figures show that wholesale prices are falling.

For many economists, the decline carries with it alarming echoes of the prolonged global deflation of the 1930s when a collapse in prices forced companies to cut wages and lay off workers, leading in turn to a fall in demand as unemployment rose and disposable incomes fell.

In the Japan of the 1990s price-cutting has already burnt deep into corporate profits. As Mr Alexander Kinmont, equity analyst at Morgan Stanley, says, "sectors that are heavily dependent on domestic labour are being squeezed sharply, as the prices of their goods fall while demand for their products remains flat."

Service sector companies are typical. Price cutting in the airline sector has sent companies such as Japan Airlines into pretax losses for the last three years. Even manufacturers, though they are less labour-intensive, have reported stagnant profits directly attributable to price-cutting.

However, Mr Robert Feldman, chief economist at Salomon Brothers in Tokyo, believes the worst is already past. He argues that this "demand deflation", or weak demand forcing down prices, was what Japan experienced in the first phase of recession in 1991-93.

The current phase, he argues, is marked by a much more beneficial "cost-driven deflation". The rapid appreciation of the yen in the last year and falling input costs are now enabling companies to cut prices without severely denting their profitability. The lower prices are then feeding through directly to the consumer whose purchasing power has risen as a result.

"The acceleration of growth will continue, while prices continue to fall – precisely the combination that implies a supply-driven deflation."

Economic theory suggests this ought to be the quickest route out of recession. Falling prices raise real disposable income, making customers more likely to spend. Higher spending raises corporate profits and lifts the economy out of slump.

But the beneficial impact on companies is limited by the price elasticity of demand for their goods – the amount by which sales rise as prices fall. New research by economists at the Industrial Bank of Japan suggests that for manufactured goods, each 1 per cent fall in price raises sales by just 0.17 per cent. For services the figure is 0.63 per cent. In other words, higher spending is not offsetting losses in revenue caused by lower prices.

In any case, there is continuing doubt about the willingness of Japanese consumers to spend. As Mr Kinmont says: "If a customer thinks prices of consumer durables, for example, will be 5 per cent lower in a year's time, he will defer his spending. The danger is that consumers will go on doing that, leading to a downward spiral."

And there is certainly scant evidence of a recovery in consumer spending. Despite the fall in prices, retail sales fell by 4 per cent in the year to May. Even allowing for the higher spending at the discount stores (not reflected in these figures either), it is likely that sales are still falling.

But the biggest danger of all in deflation lies in the huge corporate debt burden. Corporate indebtedness rose sharply in the boom years of the late 1980s. A prolonged period of falling prices raises the real level of that debt, and makes it harder for companies to service it.

It is a sobering thought on the putting greens around Tokyo. Many of the courses were built in the boom years of the late 1980s, on the back of huge borrowings. Falling green fees may be good news for golfers, but the courses need more revenue, not less, to meet their debt-servicing costs. They might not survive the $50 round, if it comes.

Japanese key private-sector machinery orders rose in June for the second month in a row, fuelling hopes that the long decline in companies' capital spending may be ending, Gerard Baker reports from Tokyo.

Figures released yesterday by the Economic Planning Agency (EPA) showed a 12.5 per cent increase to Y950.6bn (£6.2bn) from May in receipts of machinery orders, excluding the volatile ships and power-equipment sector. The total figure, including ships, power and public-sector orders, rose 9.4 per cent in the month to Y1,907bn.

The longer term trend suggests capital formation is still faltering. In the second quarter of the year, the key private-sector orders figure fell 4.2 per cent.

The EPA forecast that the core private-sector machinery orders total will increase 1.1 per cent in the current quarter against the same period a year ago. That would mark the first year-on-year quarterly gain for more than three years.

An EPA official said uncertainties remained, especially in the steel sector: "We have to wait a while to conclude that it is really the beginning of the recovery."

Israeli trade rights for Jordan

By Julian Ozanne at the Dead Sea

Israel is preparing to make a unilateral trade concession worth millions of dollars to Jordan to keep up the momentum of the peace process between the two neighbours, the Israelis said yesterday.

The move came as Israel and Jordan resumed bilateral talks about borders, water, trade, finance and banking, saying they had agreed to use the 1922 British Mandate lines as a basis for demarcating the frontier, an apparent concession to Jordan.

The resumption of talks on the Israeli side of the Dead Sea, aimed at finalising a formal peace treaty, came a day after the two states opened a new border crossing 3kms north of the Red Sea. Mr Elyakim Rubinstein, chief Israeli negotiator, said the two would open a second border crossing in the north once its exact location was agreed.

An Israeli negotiator said Israel would allow Jordanian imports preferential access to the market in the Israeli-occupied West Bank in recognition of Jordan's peace gestures. A list of Jordanian products allowed access to the West Bank would be drawn up soon.

Such an agreement would give Jordanian goods access to the much larger Israeli market as there are no formal trade barriers between the West Bank and Israel proper. The pact will last until Israel transfers the West Bank to Palestinian self-rule after Palestinian elections due in mid-December.

Trade experts say the impact of Jordanian imports on Israel's $70bn (£46.6bn) economy, insignificant initially, will have profound effects on Jordan which last year had a trade deficit of $2.4bn.

Border demarcation and water remain tougher obstacles. Jordan is seeking 380 sq kms of the Arava Desert it claims Israel has occupied. It wants its "rightful allocation" (a geographical term under international law) of the waters of the Jordan and Yarmouk Rivers it claims Israel has diverted since 1967.

In joint working groups yesterday, both sides made progress on accords for an air corridor for Jordanian flights over Israel, connection of the two countries' electricity grids, crossing points, and prevention of drug trafficking.

NEWS IN BRIEF

Johannesburg markets eased

The Johannesburg Stock Exchange yesterday announced moves toward market deregulation, including a timetable for removing barriers which have prevented banks and foreign companies from owning local brokers, Patti Waldmeir reports from Johannesburg. The Exchange first signalled its intention to carry out a significant restructuring last April, and yesterday's announcement provides a detailed timetable for change. The JSE, the 11th largest in the world by market capitalisation, is to be restructured to "meet the needs of the new South Africa," its president, Roy Anderson, said in a statement.

Banks and foreign companies will be able to take a 30 per cent stake in local brokers as soon as required legislative amendments have been passed by parliament, with full ownership to be permitted 12 months later. "The period of 12 months is designed to enable stockbrokers to prepare for the entry of new competitors to the market and for the JSE to amend its rules and systems to meet the needs of the new environment," Mr Anderson said.

Mr Piet Badenhorst, chief executive officer of South Africa's financial markets watchdog, the Financial Services Board, said yesterday draft legislation was "ready to go" and could be ready for discussion in parliament in "two to three months". The JSE has been under heavy pressure to permit banks to own brokerages, with the Congress of South African Banks threatening recently to establish a second exchange if deregulation of the JSE were not implemented within 12 to 18 months.

The JSE said yesterday it remained opposed to any move to switch from the current system of single trading capacity, where brokers act on behalf of buyers and sellers, to dual capacity where brokers act not only as agents but principals. It would "reluctantly" adopt dual trading capacity only if a second, dual capacity exchange were opened in competition, or if foreign exchange controls were lifted, a move which would improve liquidity in the market and reduce the risk of price manipulation.

China closes HK store

Giordano, one of Hong Kong's most successful retailers in the China market, was forced to close its Beijing outlet, because, China says, certain licensing requirements had not been completed, Louise Lucas reports from Hong Kong. But the closure follows a highly unusual and very critical open letter, addressed to Chinese premier Li Peng by the company's non-executive chairman, Mr Jimmy Lai, who is apparently contemplating resigning as a result.

Mr Lai's attack on Li Peng, which included highly insulting language, was written in Next Magazine, the outspoken weekly he started in 1991 partially in response to the crushing of democracy demonstrations in Tiananmen Square two years earlier.

Giordano's share price fell sharply closing at HK$3.99, down 20 cents.

Singapore sees 10% growth

Singapore's economy grew by 10.5 per cent in the first half of the year said Prime Minister Goh Chok Tong in a speech marking the island republic's national day yesterday, Kieran Cooke reports from Kuala Lumpur. Singapore's planners had forecast economic growth of between 6 and 8 per cent in 1994 but full year forecasts are now likely to be revised upward to between 9 and 10 per cent. Last year Singapore's economy expanded 9.2 per cent.

"All sectors of the economy are expanding" said Mr Goh. Manufacturing output had increased well above expectations, driven in part by continuing demand for electronics products. The financial sector also turned in a better than expected performance in the first half of the year, despite a slowdown in foreign exchange activity and in the stockmarket.

Mr Goh said per capita income in Singapore was now higher than in Britain. However the prime minister warned against complacency. Mr Goh said one of the main problems Singapore would face in the future would be "over indulgence in materialism, in subsidies and welfare".

Taiwan relaxes bank curbs

Taiwan says it has further relaxed curbs on foreign banks' operations on the island in a bid to enhance its application to join the General Agreement on Tariffs and Trade, Laura Tyson reports from Taipei.

The Finance Ministry said the changes would enhance foreign banks' efficiency and service in Taiwan, as well as further the government's oft-stated goal of developing Taipei into a regional financial centre.

A ceiling on Taiwan-dollar-denominated deposits held by foreign bank branches, set at 15 times the branch's capitalisation, has been lifted. At the same time however banks will be required to raise the capitalisation to NT$150m (£3.67m) for their initial branch and NT$120m for additional branches. The existing minimum branch capitalisation is set at NT$80m.

BHP set to seal death blast mine

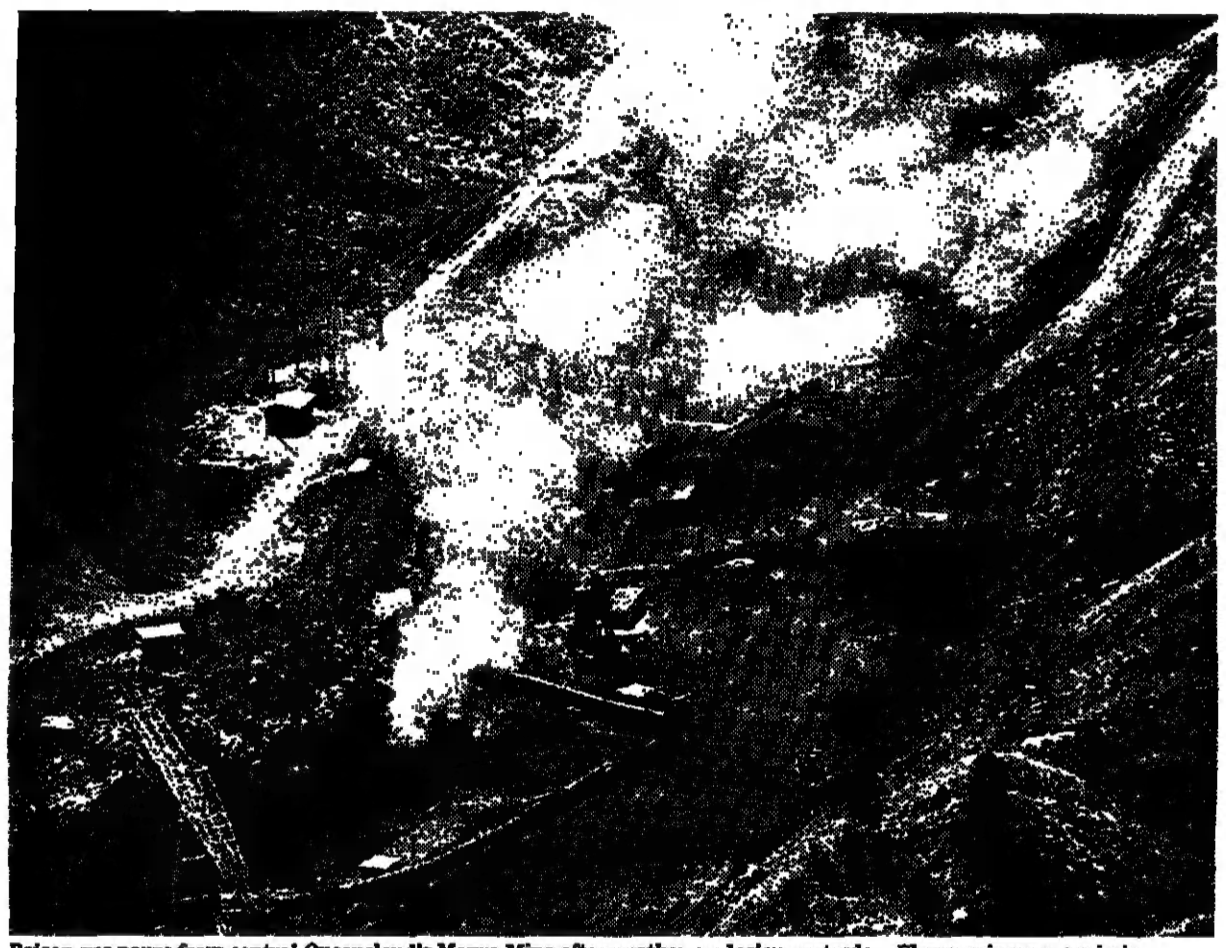
By Emilia Tagaza in Melbourne

Broken Hill Proprietary (BHP) and its workers' union yesterday decided to seal a pit at Moura, central Queensland, entombing 11 coalminers killed in a big underground explosion on Sunday night.

The decision was taken after a second big explosion yesterday, followed by several smaller blasts causing fires inside the mine. It was hoped that sealing the mine would put out the fires. The open-cut section, producing most of the coal, will keep operating.

A mixture of methane gas and coal dust caused Sunday's explosion, trapping the workers in a tunnel 265m underground, and 3km from the mine entrance. The explosion is the third in 20 years to hit the BHP Australia Coal operations in Moura. In 1986, 12 men died in the Number Four mine, and in 1975 13 died in the nearby Kianga mine.

The Moura mine is 80 per cent owned by BHP Australia Coal and 20 per cent by a Japanese company. It has an annual production capacity of 2.1m tonnes of coking coal and 2m tonnes of thermal coal.



Poison gas pours from central Queensland's Moura Mine after another explosion yesterday. Eleven miners are missing Reuter

Cash-stuffed envelopes and Korean business

John Burton in Seoul examines the changing relationship between government and chaebol

FRESH allegations that two big conglomerates paid bribes to win construction orders for state-run nuclear power plants in the early 1990s is only the latest reminder of the widespread corruption that has affected relations between government and business in South Korea.

The tight state control over Korea's industrialisation programme since the 1960s gave bureaucrats and politicians unlimited opportunities to demand bribes and kickbacks from companies.

The claim that two of the country's largest groups paid Won400m (£323,000) to a former president of Korea Electric Power, the state-owned electricity monopoly, is seen as a typical example of the corruption that afflicted government.

The passing of cash-stuffed "white envelopes" to officials became an accepted fact of life for companies dependent on government approval for almost all aspects of their business operations.

If any company failed to adhere to the system of institutional bribery, it faced the threat of official retribution and the loss of business. Kukje, one of the country's biggest industrial groups, was dismantled on government orders in 1985 after its chairman apparently refused to make political donations to the ruling party.

The inauguration last year of President Kim Young-sam, the country's first civilian leader after three decades of military-backed rule, promised an end to the corruption.

Mr Kim quickly introduced measures to fight graft. Politicians and senior bureaucrats were forced to disclose their personal assets. The use of anonymous bank accounts was banned to deprive them of the ability to hide bribes. Government auditors conducted extensive investigations of state agencies for evidence of past corruption, notably defence procurement contracts since the late 1980s.

Korean industrial groups, or *chaebol*, initially welcomed the anti-corruption campaign, which they saw as a first step toward economic deregulation by weakening bureaucratic control over their activity. The *chaebol* also viewed the move as financially beneficial since an estimated 6 per cent of their net profits on average was spent bribing officials.

But executives have since come to believe the anti-corruption campaign may prove to be a double-edged sword that could be used to intimidate the *chaebol*. There are suspicions in boardrooms that the government has selectively used the corruption investigations to punish companies, including Hyundai and Pohang Iron and Steel, whose leaders opposed Mr Kim's presidential campaign in 1992.

Mr Kim's government has displayed an ambiguous attitude toward the *chaebol*. On the one hand, the president recognises their importance as the main engines of the Korean economy and their role as pioneers in penetrating global markets.

But Mr Kim also shares the distrust of most Koreans about their economic dominance in the domestic market and the influential position they gained by co-operating closely with the former military government.

The dilemma confronting the government is that economic deregulation is likely to provide opportunities for the *chaebol* to expand their economic strength at the expense of small and medium-sized businesses.

The government has adopted a policy of gradually reforming and dismantling the *chaebol* by weakening cross-holding arrangements among subsidiaries in each industrial group. It also plans to dilute the shareholdings of their family owners through inheritance taxes.

But it will take at least one or two decades to achieve these results. In the meantime, the government must find ways to prevent the *chaebol* from growing more powerful once state controls on industry are lifted.

This has not proved easy, and the problem has contributed to delays in proposed economic reforms, including widening the ownership of banks and privatising state companies. The government fears the reforms could allow the *chaebol* to expand into these sectors unless adequate safeguards are introduced.

The threat of launching corruption investigations into the past activities of the *chaebol* could prove to be at least a short-term solution to keeping the industrial giants in line while further barriers to their expansion are erected.

US cautious over progress in talks with N Korea

By Frances Williams in Geneva

US officials expressed caution yesterday that the latest talks between Washington and Pyongyang would find an acceptable solution to North Korea's suspect nuclear programme. The open-ended negotiations resumed last Friday after a month's suspension following the death of North Korea's President Kim Il-sung.

Mr Kang Sok-chu, North Korea's first deputy foreign minister, said on Monday his government was prepared to freeze its nuclear activities in return for being given light water nuclear reactors. These are more proliferation resistant than North Korea's graphite moderated reactors which produce plutonium that can be used to build atomic bombs.

However, a senior US official involved in the talks said yesterday that, while the West had an interest in helping North Korea switch to a less proliferation-prone nuclear technology, any help was conditional on Pyongyang's full compliance with international nuclear inspections under the Nuclear Non-Proliferation Treaty. This would include checks on two storage sites which the International Atomic Energy Agency suspects may hold enough undeclared weapons-grade plutonium to make a bomb.

The official said North Korea continued to oppose inspection of these sites, at the Yongbyon nuclear complex north of Pyongyang, claiming it has "suspended the effectuation" of its NPT membership. "The North Koreans have an obligation to fulfil their safeguards agreement" with the IAEA, the official said. "The world shouldn't have to pay for that."

North Korea, which first indicated interest in LWRs during talks with the US in July 1993, says it needs 1,000MW of nuclear generating capacity, about half its power needs, at an estimated cost of $2bn. LWR technology is widely available in the west and in Russia, and the US has already sounded out Japan and South Korea for help with funding the programme.

To obtain the LWRs, North Korea would have to agree not to reprocess the fuel rods already withdrawn from its small experimental nuclear reactor, which the US fears could provide enough plutonium for four atomic weapons. It would also have to agree not to reload the reactor with fuel and to halt construction of two bigger graphite moderated reactors with capacities of 50MW and 200MW.

Mr Kang indicated on Monday that Pyongyang would seek compensation for the power supplies lost as a result.

He also said North Korea had put forward proposals for treating the 8,000 spent fuel rods now corroding in a holding pond at Yongbyon "in such a way that can make the international community feel easy about it".

The official said he thought Pyongyang was negotiating more seriously than before as a result of the US push in June for United Nations economic sanctions against North Korea. But "they are difficult people to talk to, these are complex issues to deal with, and I can't say I see the light at the end of the tunnel".

Indian investigators parade Bombay terror blast suspect on TV

By Stefan Wagstyl in New Delhi

Indian investigators examining last year's Bombay terrorist bomb attacks last night paraded one of their prime suspects on national television.

The move gave India an opportunity to highlight its claims that Pakistan helped to organise the blasts in which over 250 people were killed and 1,200 injured.

It seems certain further to damage relations between the two countries, which see each other as their worst enemies.

Mr Yakub Memon talked at length on last night's programme about his alleged role in the blasts and the support he allegedly received from Pakistan's secret service, Inter Services Intelligence.

Born and having grown up in Bombay, Mr Memon, 33, fled the city after the explosions together with his brother, Mr Tiger Memon, and their families, and secretly sought refuge in Pakistan.

He was arrested a few days ago in mysterious circumstances. The Indian police say he was captured at Delhi railway station last Friday.

But Mr Memon has said he was detained on July 24 in Kathmandu and taken across the border into India.

Since his arrest, Mr Memon has allegedly provided his interrogators with "a rich harvest", according to officials of the Central Bureau of Investigation.

As well as giving details of the bombings, he has named a Karachi gangland boss as an ISI agent and the main organiser of the bombing conspiracy.

Indian investigators have also claimed, through stories leaked to newspapers, that Mr Memon carried with him incriminating evidence, including a fake Pakistani passport and forged Pakistani school and university certificates, all of which were in the name of an alias.

The investigators believe the documents were meant to give him a new identity after the bombings.

Moreover, Mr Memon allegedly carried a video of a wedding attended by the ISI agent and a prominent Bombay underworld chief, who is also wanted by the Indian authorities in connection with the bombings.

There was some incredulity in Delhi yesterday that a fugitive terrorist suspect would be travelling with so many incriminating items in his possession.

Some observers believed the authorities may be exaggerating the quality of Mr Memon's evidence to create the impression that India's worst terrorist attack has finally been solved.

Indian officials have from the beginning accused Pakistan of complicity in the blasts but have lacked hard evidence.

NEWS: THE AMERICAS

Healthcare reaches Senate for debate

By George Graham

Debate on a healthcare reform bill began at last in the US Senate yesterday, 10 months after President Bill Clinton had presented his massive plan to overhaul the US medical insurance system.

The debate, based on a compromise bill drafted by Senator George Mitchell, the Democratic majority leader, could eat into the Senate's planned August recess and last several weeks.

Some senators are threatening a filibuster, seeking to block the passage of a bill by extending debate and preventing a final vote.

But early votes on amendments to the bill are expected to provide an indication of the tide for healthcare reform.

One vote, on a resolution sponsored by Senator Jesse Helms, the extreme right-wing Republican from North Carolina, would propose putting off debate altogether until next year.

That vote, expected this morning, will offer a measure of how senators assess the political damage they could suffer in elections in November, when a third of the Senate will face the voters, if they have simply done nothing about healthcare.

Senator Mitchell warned the Republican opposition yesterday that it would be "a huge political risk for them to be seen as sheer obstructionists."

He acknowledged that several Democratic senators remained "undecided" about his bill, but said he was ready to make changes to win over not only the Democratic waverers but also some opposition senators. "I think we have an overwhelming majority of the Democrats, and I believe some Republicans," Mr Mitchell said.

Much of the hostility to the Mitchell bill has focused on measures that could, in the year 2002, compel employers to pay for half of their workers' health insurance – a delayed and diluted version of the "employer mandate" proposed in Mr Clinton's original plan and retained in the bill to be debated next week by the House of Representatives.

Mr Mitchell sought yesterday to minimise the significance of this component, which would only come into effect if the voluntary incentives which form the bulk of his plan were to fail on their own to bring 95 per cent of the population under some form of health coverage.

The Congressional Budget Office, which acts as scorekeeper for the economic and budgetary ramifications of the competing health bills, was due yesterday to publish its analysis of the Mitchell bill.

Mr Mitchell said the CBO analysis would confirm his view that his plan would cover 95 per cent of the population, so the employer mandate would never have to take effect.

"My bill is going to achieve universal coverage without it. I put it in just in case the CBO proves to be wrong," he said.

The US Navy is seeking to retire its auxiliaries

Home wanted for dolphins

By Jeremy Kahn in Washington

The US Navy needs retirement homes for some special veterans forced overboard in the latest round of post-Cold War fleet reductions. The requirements: a caring staff, companionship and a swimming pool of at least 625 square feet.

The Navy says about 30 bottlenose dolphins – trained to patrol harbours, find underwater explosives and help research – are no longer needed. It is hoping to unload the decommissioned marine mammals – free of charge – on to aquatic parks in the US.

Each of the 101 dolphins stationed at San Diego, California, with the navy's marine mammal fleet, costs $15,000 to $20,000 a year in food and vitamins. That is money the Navy does not want to spend in the tight budgetary environment, said Mr Thomas Lakusa, a Navy spokesman.

So far, only a few marine parks have taken an interest. The Navy has received requests from five marine parks for a total of 17 dolphins and is inspecting facilities.

Mr Lakusa said that, if the Navy cannot find a home for some of the dolphins, it will continue to look after them for the rest of their lives, as it is doing for seven dolphins classified as "retired" and another group with chronic health problems.

But some animal rights activists, calling the dolphins "prisoners of war", have asked the navy to send the excess animals to a centre in the Florida Keys, where they would be retrained to live in the wild and then released into the sea.

"We do not believe in the militarisation of animals," said Mr Craig VanNote, executive vice-president of Monitor, an umbrella organisation for 25 conservation groups. "This an unethical use of these remarkable wild animals and we applaud the Navy ending this programme – or most of it."

The Navy – which studied the idea of releasing the dolphins at the request of Congress – had baulked at the rehabilitation and release, saying that, once back incivilian life, the dolphins might introduce new diseases into the wild population or be susceptible to diseases themselves.

However, after some prodding from Mr Charles Wilson, a Democratic Congressman from Texas on the House defence appropriations committee, the navy negotiated with several animal welfare groups and last month agreed to ship six dolphins to the Florida retraining centre.

Deal near on US telecoms reform

By George Graham in Washington

The US Senate commerce committee is expected to agree tomorrow on a far-reaching bill to overhaul the rules governing the telecommunications industry, after resolving a deadlock with competing telephone companies.

While the House of Representatives has already passed its telecommunications reform bill, the Senate has been tied up in a battle between the Bell local telephone companies, heirs of the old AT&T monopoly, and the long-distance telephone companies, including the new AT&T.

At the heart of the battle has been an argument over when and how to let the Bells into the long-distance market without letting them use their monopolies in the local telephone market to gain an unfair advantage. The Bells are barred from offering long-distance service under the 1984 court order that broke up AT&T.

One proposal sponsored by Senator Ernest Hollings, chairman of the commerce committee, would have required the Bells to demonstrate that they faced real competition in their local markets before allowing them into long distance.

A competing measure backed by Senator John Breaux, of Louisiana, would simply have imposed a one-year delay on the Bells.

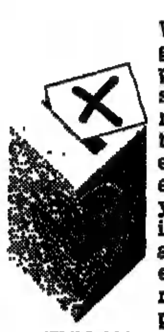
The compromise is understood to keep most of Senator Hollings's approach. It would, however, allow them to keep the lucrative market for calls that are too long to be local, but are still within a Bell company's area, until they are able to move into long distance. These "short haul" calls carry high margins, and a customer who wants them to be carried by another company must usually dial a long access code, rather than simply the telephone number.

However, passage of the bill is by no means assured because of the difficulty of finding time for debate.

Presidential candidate Zedillo: The opposition complains that he is being excessively favoured by the Mexican media Picture: AP

PRI agrees to share limelight

Damian Fraser on more media time for the Mexican opposition



MEXICAN ELECTIONS

When Mexico's governing party persuaded the main opposition to sign an electoral pact earlier this year, it promised to promote a balanced coverage by the media of the presidential campaign. With less than two weeks to go before the election, the governing Institutional Revolutionary party (PRI) contends that the pledge has been kept. For the first time in a Mexican presidential campaign, opposition figures appear regularly on the television news, are interviewed almost daily on radio, and have their meetings reported at length by almost all the national newspapers.

While acknowledging the media opening, critics contend the changes have not gone far enough, and have been made too late. Television, radio and newspapers, many complain, still dedicate considerably more time or space to the PRI's Mr Ernesto Zedillo than to his rivals, and treat him in a generally more favourable way.

"Quantitatively and qualitatively the changes have been enormous," says Mr Raymundo Riva Palacio, a columnist with Reforma newspaper and a frequent critic of the government "but there is still far from being a minimum level of objectivity desirable."

With the election race more competitive than any other in Mexican history, the debate over the role of the media has become a central issue. The governing party has been caught between wanting to push for balanced coverage as a way of winning credibility for the result and needing as much exposure as possible to bolster the uninspiring candidacy of Mr Zedillo.

Most criticisms have been levelled at television, the principle source of news for Mexicans. The controlling shareholders of Mexico's two private television networks, Mr Emilio Azcárraga of Televisa and Mr Ricardo Salinas of Azteca, are declared supporters of the PRI. Their networks have devoted more than twice as much news time to the governing party candidate as they have to any opposition figure, according to independent monitoring.

Responding to criticisms, Televisa, by far the largest of the two private networks, has recently made concessions. After a highly public meeting with the minister of the interior, Mr Azcárraga agreed to give all political parties three hours of free 15-minute slots. Since the federal electoral institute began to monitor its news programmes, Televisa's coverage of the candidates in the main news programmes has become more balanced.

Critics point out that the 15-minute slots are generally not at prime time and have low ratings. Moreover, the greater news time opposition candidates have recently received does not, say many observers, balance the more subtle ways the networks have of influencing opinion in favour of Mr Zedillo.

"With Zedillo they are always showing him kissing babies, smiling, with happy people, in any kind of situation that shows him in a good light," says Mr Miguel Acosta, who studies Televisa's campaign coverage. The other candidates are often shown criticising each other or have their speeches paraphrased, reducing the impact of their presence.

Although the government maintains that it cannot force private television networks to be more objective in their coverage, state-granted television concessions awarded to Mr Azcárraga are partly why he is reported to be Mexico's second richest man, worth $5.1bn.

Newspapers have much less political impact than television and are generally more diverse in their views. And in this election even the most pro-government newspapers regularly put news stories of the campaign events of the opposition candidates on their front page, in a break from past tradition.

But in the provinces, there has been much less of an opening. At a recent campaign swing in the city of Torreón, the north-centre of Mexico, the arrival of the left-wing candidate Mr Cuauhtémoc Cárdenas was hardly mentioned in the local press, even though this is one of his electoral strongholds.

NEWS: WORLD TRADE

UK airline to launch daily flights to Orly

By Michael Cassell, Business Correspondent

British Midland, the UK's second largest scheduled airline, is to follow British Airways by starting daily flights into Orly airport in Paris.

British Midland said yesterday it intended to take advantage of access rights into the French airport with the launch next month of a four-times-a-day service. The airline said that the new service would not lead to any reduction in the eight daily flights operated into Charles de Gaulle, Paris.

A British Midland spokesman said that the decision had been taken in response to demand from passengers for more frequent flights to the French capital and, in particular, for a service providing access to southern Paris.

British Midland passengers will be able to fly out or back into either Charles de Gaulle or Orly on the same ticket. Fares will range from £245 return for an executive ticket to an £81 summer saver.

Sir Michael Bishop, British Midland chairman, said deregulation of European air routes meant British Midland intended to establish a comprehensive network of services in Europe. The company had already launched four new European routes this year.

British Airways has been operating a similar frequency service in Orly since June, following France's decision to bow to pressure from the European Commission and open up the airport to UK competition.

But BA, which intends to step up the number of flights into Orly this winter, says it intends to challenge, through the Commission and the French courts, proposals by France to restrict flight frequencies and the size of aircraft flying into Orly.

France has resisted the liberalisation of its domestic air routes and when Orly airport was opened to international carriers the French government sought to restrict the impact of liberalisation by limiting services to aircraft with 200 seats or more at peak traffic times.

France is also appealing a Commission ruling to allow competition on its Orly-Toulouse and Orly-Marseille routes, two of the most profitable domestic routes.

China may get time to meet Gatt obligations

By Louise Lucas in Hong Kong

China may be granted a breathing period on entry into the General Agreement on Trade and Tariffs, to give it extra time to meet all criteria for membership, Mr Winston Lord, the US assistant secretary of state for East Asia and Pacific affairs, said yesterday.

China, which was previously a member of Gatt but quit after the communists came to power in 1949, wants to be a founder member of the World Trade Organisation, the post-Uruguay Round Gatt, which comes into being on January 1 next year.

China's Gatt negotiators say their entry would be set back five to 10 years if the period of grace was refused.

Mr Lord, speaking in Hong Kong, said: "We would recognise that in the Gatt, they [China] would have the right in certain areas to a transition period before they're fulfilling their obligations."

He said the issue which had to be addressed was the extent to which China was a developing country, rather than an advanced developing country. "The honest answer is, I think, somewhere in between," he said.

"But we also believe that China is already an economic powerhouse in many ways ... and therefore it's somewhat misleading to suggest that China is like any other poor developing country and therefore should get all the exemptions of these developing countries," Mr Lord said. "So we have to strike a balance."

Mr Lord also said the Clinton administration was conducting a review of its policy on Taiwan, the first comprehensive re-appraisal since the late 1970s. But he stressed that, while the United States needed to strike a balance, it would adhere to its One China policy, based on the three joint communiques with China and the Taiwan Relations Act.

Any adjustments in policy resulting from the review, which would be concluded soon, will be in line with the existing framework, he added.

NEWS IN BRIEF

Beirut deal for UK

Trafalgar House, the UK construction and engineering group, has signed a $49.6m contract to reconstruct part of Beirut's war-damaged sports complex, due to host the Pan-Arab Games in 1996, writes Andrew Taylor, Construction Correspondent. The agreement with the Lebanon's Council for Redevelopment and Reconstruction forms part of a larger $112.5m contract for the sports complex. The first phase, to be provided by Trafalgar House, includes a 50,000-seat football stadium, a refurbished indoor sports hall and parking. A $66.2m second phase will begin when the funds have been secured.

New container port for Bahamas

Hutchinson International Port Holdings, a subsidiary of Hutchinson Whampoa of Hong Kong, has created a joint venture with the Grand Bahama Development Company and will invest $80m to construct a container port at Freeport, Grand Bahama, writes Canute James in Kingston. Construction will begin in 18 months and completion is due by 1998. The project will be managed by the Port of Felixstowe.

Clinton perseveres with 'fast track' request

By Nancy Dunne in Washington

President Bill Clinton was due to meet vital business supporters of the Uruguay Round agreement yesterday in an attempt to salvage his request for a new "fast track" authority, which would allow the administration to negotiate free trade agreements which cannot be amended by Congress.

The request for "fast track" authority, which the White House has attached to the Uruguay Round implementing legislation heading for a House-Senate conference committee, is widely regarded as a test of Mr Clinton's credibility on trade.

The president could use the authority to negotiate free trade arrangements with Chile, perhaps Argentina and others. Administration officials do not want him showing up at the Asian Pacific Economic Council meeting in Jakarta without the capacity to conclude trade and investment treaties.

Mr Clinton was due to meet the heads of companies including Texas Instruments, Caterpillar, Boeing, Monsanto, Eastman Kodak, Chemical Bank and Saloman Brothers.

Congressional staffers now say the fast-track request was a risky one and perhaps a sign of over-confidence by the US Trade Representative's office. Having produced a number of successes – including passage of the North American Free Trade Agreement and completion of the Uruguay Round – it requested a seven-year fast-track authority. Authority is usually granted from two to four years, and in this case, the administration wanted a longer period without even having agreed a strategy for the post-Nafta era.

The fast-track request is in trouble because the administration wants to include labour and environmental provisions in future trade agreements. The business leaders and many Republicans oppose that but several Democrats will vote against the Uruguay Round, if a fast-track request does not declare the administration's intention to negotiate on labour and environment.

If the president concedes to the Republicans, he is likely to lose 20-30 Democratic votes in the House. It should still pass the House but, without liberal Democratic support in the Senate, the entire implementing legislation could face a Democratic filibuster.

A House-Senate conference to write a final Uruguay Round package is being delayed while the House Ways and Means Committee works on a compromise over funding the Uruguay Round pact. Treasury Secretary Lloyd Bentsen met late Monday with Bill Archer, the ranking minority member of the House Ways & Means Committee, to discuss Republican concerns over an inventory taxation proposal.

US trade sleuth in search of fairness

Nancy Dunne profiles Washington's new chief investigator of commerce complaints

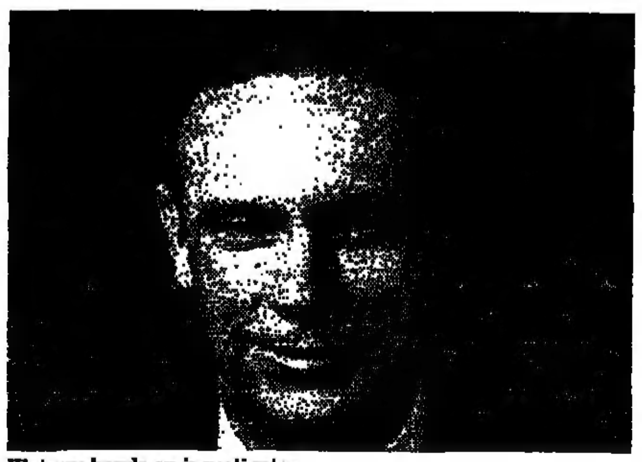
On the tennis courts, where Peter Watson relaxes when he is not cycling or running, the chairman of the International Trade Commission is known as "a fair sport".

At his other hangout, the ITC, his reputation is much the same. He is a New Zealand-born Republican, a free trader, a former senior official on President George Bush's National Security Council, and a commission moderate. He is also known as "a consummate politician" who is well liked by Democrats and Republicans, both being receptive when he campaigned hard for his current position.

The six ITC commissioners are part judges and part sleuths. While the US commerce department determines the payment of subsidies or the existence of dumping – selling in the US at "less than fair market value" – it is the ITC that must investigate and determine whether the dumped and subsidised goods are hurting US companies. Without a finding of injury, an unfair trade complaint goes nowhere.

Although most of the executive branch is in Democratic hands for now, Mr Watson was appointed to the chairmanship in June because the office rotates between the two parties every two years and it is the Republicans' turn. The commission is designated "nonpartisan" – no more than three members can be from one party.

Mr Watson tends to be a hands-on sleuth. He can, if he chooses, lead an investigation himself, as he did when he and two other commissioners went to Canada to see for themselves the state of the wheat market. The three found that Canadian wheat exports had



Watson: hands-on investigator

inflicted minimal injury on US wheat farmers, but injury nevertheless. Partly as a result of the finding, President Bill Clinton imposed only minimally intrusive quotas for one year.

In an earlier study on large civil aircraft, requested by the Senate finance committee, Mr Watson and ITC vice-chairman Janet Nuzum journeyed to France to study Airbus subsidies. After meeting with officials and touring manufacturing facilities, the two concluded that government assistance gave Airbus a significant competitive advantage.

As a conservative "jurist" who believes strongly in the separation of powers in the US Constitution, Mr Watson does not see the job of commissioner as writing – or re-interpreting – law.

"What the law says is the law," he said in a recent interview. "You interpret it strictly and literally."

Congress is now writing "implementing legislation" which is supposed to bring the trade laws in harmony with the agreements reached in the Uruguay Round of liberalisation talks under the General Agreement on Tariffs and Trade.

But lobbyists and administration officials have been persuading congressional allies to slip in protectionist language with which conservative jurists will have to abide, whether or not the provisions are consistent with the multilateral rules.

ITC commissioners deal with a detailed area of law which gives them little latitude for interpretation. "There are nuances, some grey areas, but by and large we have a very regulated area of law which leaves us only a limited degree of discretion," he said.

This does not mean that Mr Watson opposes the dumping laws. Between March 1991 and March 1994, he was the only Republican to find injury more often existed than not in anti-dumping and countervailing duty cases. He voted affirmative on injury in 69 cases and against in 62.

During the same period, the past chairman, Mr Don Newquist, widely perceived to be a protectionist, voted affirmative 96 times and negative 40. Anne Brunsdale, another past chairman, found injury 37 times and voted against relief on 95 cases. There is no single model for determining injury so the commissioners can use their own to determine if a business has been injured.

"People rightly come here expecting to have a fair hearing from independent commissioners," Mr Watson said. "If you don't believe in fairly and objectively applying those dumping and countervailing laws, you don't deserve to be here."

Other governments have followed the US example in developing their own "unfair trade" regimes. As a result, laws designed to defend US companies have, at least for America's growing number of exporters, begun to seem a threat to international trade liberalisation. However, Mr Watson insists they have legitimate uses in circumstances where foreign companies are underpricing their products.

"But we all know these laws can be improved," he said. "I can identify areas where there are abuses ... petitioners which use the trade laws purely as aggressive tools, rather than as a legitimate response to unfair trade practices." Abuse of the laws can create trade distortion because many of the foreign companies involved cannot afford to pay lawyers to defend themselves, he said.

Many trade lawyers have suggested doing away with the dumping and countervailing duty laws and replacing them with enhanced competition laws, such as anti-trust laws. This would require truly integrated economies with few market distortions, said Mr Watson.

A number of steps would have to be taken before competition policy could approach the areas that trade policy cover, he said. First there would have to be a multinational dialogue and exchanges of information for anti-trust cases. Then the laws could be harmonised and enforcement mechanisms agreed.

The process would take years. Mr Watson's term as a commissioner ends in December 2000. It is unlikely that he will work himself out of a job before that.

Government hails trend of improving trade figures despite effects of 'erratic' items

Precious stones widen trade gap

By Philip Coggan,
Economics Correspondent

A big jump in imports of precious stones pushed the UK further into the red in May, with the visible trade deficit widening to £1.03bn from £770m in April.

However, the Central Statistical Office estimates that the trend is for a narrowing visible deficit, with exports rising faster than imports. If oil and erratic items such as precious stones are excluded, the trade deficit increased only slightly from £1.44bn in April to £1.5bn in May.

The May deficit was in line with City expectations. "Many commentators warned that as we came out of the recession the trade figures would not be particularly good, but in fact the figures show a continuing upward trend," said Mr Richard Needham, the trade minister.

But Mr Robin Cook, the opposition Labour party spokesman said: "These trade figures are disappointing news for the economy. Whilst imports are running ahead at record levels, our exports have stalled. They are yet more evidence of how weak and sickly the recovery really is."

Figures for whole world trade are now released around three months in arrears, thanks to the creation of the single market in the EU. Information on intra-EU trade, compiled under the Intrastat system, takes longer to collect than figures for trade outside the Union.

Trade with the EU is growing strongly. In the three months to May, export volumes, excluding oil and erratics, were 6 per cent higher than in the previous three months, while imports were up 4½ per cent. However, the UK's deficit with other EU countries widened slightly in May, to £377m in May, from £304m in April.

Around half of the growth in EU imports came from Germany, while growth in exports was concentrated on Ireland, Italy and Spain. Outside the EU, there was a marked increase in imports from other OECD countries, a category dominated by Japan.

The UK is continuing to benefit from a rise in North Sea oil production, which has boosted oil exports. The UK had an oil surplus of £1.13bn in the three months to May, the highest three-monthly total since 1987. Total exports fell by 1 per cent between April and May, while imports rose by 1½ per cent.

The CSO said its estimate of the trend showed export values were rising at 1 per cent a month and imports at ½ per cent per month.

● The increase in the trade deficit was largely due to erratic items, the ragbag of goods which the Central Statistical Office separates from the main trade account.

It is easy for erratic items to distort one month's trade figures. Harold Wilson blamed his 1970 election defeat on bad trade figures, published just before the polls and distorted by the import of two Boeing 747s. Aircraft are potentially more erratic items than precious stones.

There are five categories of trade which come under the "erratic items" heading – ships, north sea installations, aircraft, precious stones and silver.

In May, it was dealings in precious stones that was largely responsible for the blip.

Five held in IRA racketeer operation

By Tim Coone in Dublin

Five people were arrested by Irish police in Dublin yesterday following investigations into Irish Republican Army racketeering.

Swoops were made on twelve different addresses in the city in the early hours of the morning by specialised police units from the special branch, fraud and drug squads.

The detainees are being held under Section 30 of the Offences Against the State Act, Ireland's equivalent of the UK's own anti-terrorist legislation. The detainees can be held for up to 48 hours without being charged.

The last such swoop, known as Operation Madonna, took place four months ago, and involved a combined operation between the police forces in Northern Ireland, northern England and the Republic of Ireland.

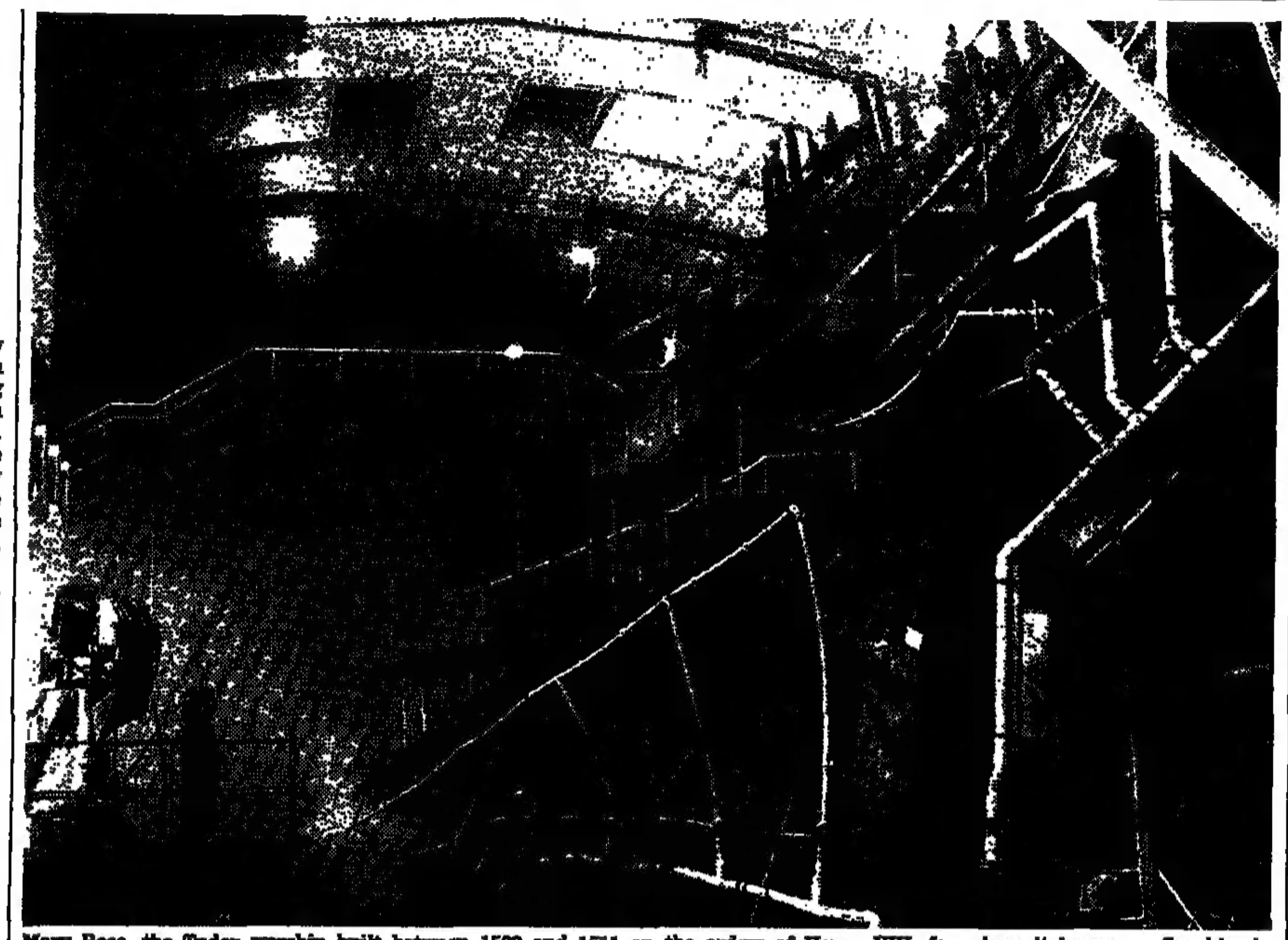
Twenty-two arrests were made during Operation Madonna on both sides of the Irish Sea, but eleven of those arrested in the Republic of Ireland were all subsequently released without being charged.

Ireland's anti-racketeering squad, set up to attack the IRA's fund-raising activities, was reorganised at the beginning of the year following reports that payments had been made to police officers by INFACT, the Irish National Federation Against Copyright Theft, whose principal aim is to prevent the illegal copying of popular video and music tapes for sale to the general public.

The IRA has repeatedly denied it has been involved in drugs dealing, and has frequently carried out its own operations against drugs dealers in Northern Ireland by "kneecapping" them.

The IRA is believed to require an annual budget of between £5 and £10m pounds to maintain its network of "active service units", safe houses, support personnel, and to finance its own intelligence operations and make weapons purchases.

Significant sources of funding are thought to come from "protection rackets" in the building trade in Northern Ireland, but security sources insist that this has expanded to include the distribution of illegally copied videotapes, and faked branded products such as perfumes.



Mary Rose, the Tudor warship built between 1509 and 1511 on the orders of Henry VIII, for whom it became a flagship, in Portsmouth where its final timber has been replaced – restoring the vessel to the condition in which it was found in the 1960s. The final timber served as a bracket supporting screens to protect archers until the ship sank in the Solent with the loss of 700 lives on 19 July 1545. The ship's hull was raised from the sea bed in October 1982 and is on public exhibition at Portsmouth Dockyard along with many of the 20,000 items recovered from the wreck. The Mary Rose Trust said restoration work has cost about £10m John Neligan

Driving licence changes spark identity card fears

By John Authers
and James Blitz

The Department of Transport yesterday proposed that UK driving licences should include the holder's photograph, heightening speculation by civil liberties groups that the government will introduce national identity cards in the next session of parliament.

Dr Brian Mawhinney, transport secretary, said the new driving licence was "long overdue", and would carry security features to prevent fraud.

In the longer term, the department suggested microchips could be added to driving licences to convert them into "smart cards," holding details of endorsements, medical information, and possibly national insurance details.

Liberty, the civil liberties campaign group, which opposes identity cards, said: "The more information a card carries, the more likely it is to be used as an identity card."

Prime Minister John Major recently backed the principle of identity cards to combat crime and fraud, but ministers are still debating what form they should take and what their application should be.

There are concerns, too, about the costs of introducing a national card network. When parliament debated identity cards in June, the launch cost was put at £450m, with subsequent annual costs of £100m. The transport department said the costs of the new licence should be much lower.

The prime minister's Efficiency Unit looks likely to recommend the introduction of "swipe" cards – which include a computerised key giving access to a data base – to combat social security fraud.

Mr Peter Lilley, social security secretary, has backed such a scheme amid signs that benefit fraud has reached around £150m a year. He described the system of paying by order book as "probably one of the most archaic and insecure means of transmitting money known to man," adding that computer companies would soon be invited to introduce systems into post offices.

It is less clear whether the government will push ahead with a more sophisticated "smart card" suggested by the transport department as a long-run replacement for driving licences.

Home Office officials believe such a national card would redress the difficulties faced by police and customs officers following the opening of European Union borders and an upsurge in terrorism.

The Association of Chief Police Officers believes identity cards should be voluntary to avoid antagonising public opinion. It said yesterday: "We also have to recognise that one of the weapons of the terrorist is anonymity and the ease with which they can merge into normal life."

The transport department's proposals, which are still only provisional, would be introduced in July 1996, initially for provisional licences. Consultation continues until the end of November.

Glasgow revives days of the tram

By James Buxton,
Scottish Correspondent

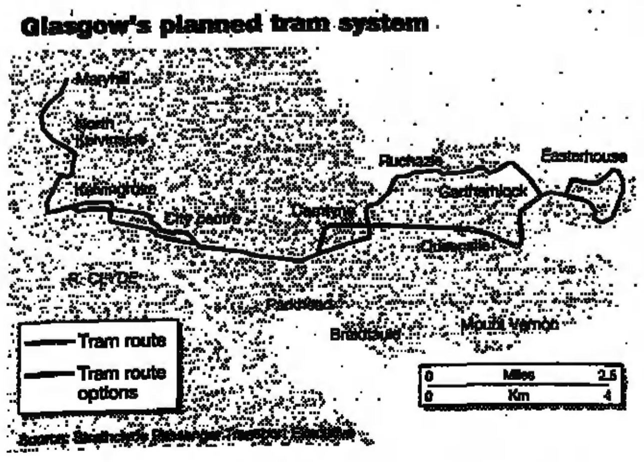
Glasgow yesterday unveiled detailed routes for a light railway system that will cross the city and be known as The Tram. Strathclyde regional council hopes the first phase of the new network will be operating by 2002 and will cost £150m.

The new tram system will run for 20 km along a mixture of dedicated track and city streets. It will go from Maryhill, northwest of the city centre, through the centre and then to Easterhouse on the eastern fringe.

Strathclyde Passenger Transport Executive says the system will provide links to areas poorly served by public transport and dissuade people from driving into the city centre. Trams will be long, single-deck vehicles similar to those operating in continental cities and will take at least 150 people.

Mr Charles Gordon, chairman of Strathclyde's transport committee, said he believed the new trams would be popular both because of their efficiency and because of nostalgia for the old Glasgow trams, the last of which ran in 1962.

Glasgow's planned tram system



Glasgow thus hopes to join the growing number of British cities reintroducing trams. Manchester's £132m Metrolink system opened in 1992 and Sheffield this year launched a supertram service. Both Croydon and Birmingham hope to go ahead with tram systems, and other cities may follow.

However the reintroduction of trams is held up by the difficulty of securing public sector finance. Mr Gordon, who admitted financing the project could be "problematical," said he hoped the council would allocate part of its capital spending programme to the project, obtain European Union financing and get a government grant under Section 56 of the 1968 Transport Act.

Mr Stephen Lockley, chief executive of Strathclyde PTE, said the PTE could award a contract to a private sector group to design, build, operate and maintain the network. But he acknowledged that the "vast bulk" of the financing would still come from the public sector.

Strathclyde PTE will now start public consultation on the route and submit a bill to parliament next March. It expects the parliamentary procedure to take two years during which there could be a public inquiry.

● Acas, the conciliation service said last night that it was continuing to hold separate talks with both sides in Britain's nine week-long rail signalling workers dispute but said they could not yet decide whether joint negotiations could restart.

Further talks will be held today but there is still no sign of any breakthrough in the industrial conflict despite the public promise from the RMT transport union and Railtrack, the state-owned company running the network that they are keen to reach a settlement. Time is running out before the next and most serious bout of disruption on the network by the signalling workers due to start at midnight on Thursday for 24 hours followed by strikes next Monday and Tuesday.

Britain in brief

MMC will not probe travel sector

The Office of Fair Trading is expected to announce this week that it is not referring the package holiday industry to the Monopolies and Mergers Commission.

The announcement will follow a 13-month OFT inquiry into complaints by small travel companies that they were finding it difficult to get on to travel retailers' shelves. Independent companies said they were being hampered by the strong links between the biggest tour operators and travel agents.

The OFT also investigated the large tour operators' practice of giving travel agent staff financial incentives to sell their holidays. The OFT is thought to have concluded, however, that there is no need for further inquiries by the MMC.

The expected announcement will be welcomed by Thomson and Airtours, the two largest travel groups, which have argued that the industry is highly competitive, selling foreign holidays to an increasing number of consumers at low prices.

Aston Martin plans 1,500 pa

Aston Martin Lagonda, the UK luxury sports carmaker, is planning to raise production to around 1,500 cars a year by the late 1990s from only 144 last year.

Ford, the US vehicle maker, which originally bought a 75 per cent stake in the company in 1987, has taken 100 per cent control with the purchase of the small outstanding minority stake held by the Livanos Greek shipping family.

The fortunes of Aston Martin have been transformed through the takeover by Ford, which also bought Jaguar, the UK luxury carmaker, in 1989. It injected £50m in new equity last year.

Aston Martin output should increase fivefold next year to around 800 cars with the launch of the DB7 sports car, a successor for the famous DB6, which ceased production in 1972.

Developed at a cost of around £50m the DB7 will go on sale in September priced in the UK at £78,500. It will be launched in North America at the end of 1995.

US Maxwell court action

The administrators of Maxwell Communication Corporation have lost a $140m legal action in the US against three European banks.

Price Waterhouse, the administrators, had sought to recover the money from Barclays, National Westminster and Société Generale. It had claimed that payments made by MCC to the banks before its insolvency could be recovered under US preference law.

However, the Bankruptcy Court in the southern district of New York last Friday dismissed the actions brought by PW.

Under both US and English law, some payments made by a company in a relevant period prior to it entering formal insolvency proceedings may be set aside as "preferences" if the effect of such payments is to prefer one creditor at the expense of another.

However, the bankruptcy court upheld the argument of the banks that US law should not be applied to the payments in question.

In 1992, the English Court of Appeal ruled that the issue of whether US preference law should apply was a matter for the US court. The administrators have yet to make a decision whether or not to mount an appeal in the US.

MCC was placed in Chapter 11 bankruptcy in the US and in administration in the UK in December 1991.

Threat to BA regional flights

Regional British Airways cabin crews were balloted over strike action in a pay dispute threatening local services.

The national airline's flights from Manchester and Birmingham could be grounded next month if more than 600 crew at the two airports vote for action the TGWU general union said.

The cabin crews claim they are treated unfairly compared to their colleagues at Heathrow and that a loss of holiday supplements means their pay is halved every time they go on leave.

Reprieve for Three Graces

"The Three Graces", the statue by Canova of three entwined beauties, will stay in the UK - at least for another three months.

In his first major decision as heritage secretary, Stephen Dorrell gave British museums and galleries a final extension in which to raise the £7.6m. needed to prevent the sculpture going to the J. Paul Getty Museum in Malibu, California.

The Victoria and Albert Museum has led the campaign to save it, pledging £1.1m, the equivalent of its purchase grant for two years.

It was joined last week end by the National Galleries of Scotland, which has promised a matching sum on the understanding that, if successful, the statue would be on alternate view in the two museums. In addition the National Heritage Fund has made one its largest donations, £3m, towards the appeal: in total £5.8m has already been raised to save The Three Graces. A statement from the J Paul Getty Museum said: "Evidently the faith we have had in the fairness of the British export licence system has been misplaced."

MANAGEMENT

Andrew Baxter on whether Japanese-style working practices lead to lower profit margins in the UK

Just in time to fuel the debate

Can it really be true that enthusiastic UK users of Japanese-style practices in human resources and relations with suppliers, as well as in production, suffer from lower profit margins than companies which have been less inclined to follow the trend?

That is the conclusion of a study* published this week by the University of Cambridge. It found that, in spite of big improvements in manufacturing efficiency and sales per employee, high users of methods such as just-in-time stock control (JIT) and *kaizen* (continuous improvement) had lower profitability than low users.

It sounds like a direct challenge to the management and manufacturing consultants who have been promoting these concepts among UK companies during the past decade. They have been quick to respond.

Adrian Reeve, director of the Hampshire-based consultancy World Class International, says there is tangible evidence that implementation in the UK of these Japanese-style practices and other world class manufacturing techniques does indeed raise profits.

He says a recent benchmarking exercise in the Midlands by World Class for the Engineering Employers Federation found a clear relationship between the adoption of these practices and a higher profit margin. A parallel exercise for engineering companies in the north produced the same result.

Nick Oliver, co-author of the Cambridge report with Gillian Hunter, is sticking to his guns, although he stresses that the findings are preliminary.

The results could even be reversed as the UK emerges from recession, he suggests: the negative effect of excessive employment, resulting from concessions made to win workers' co-operation for Japanese-style methods, could become a benefit because companies will have the skills they need to exploit better market conditions.

At the very least the findings of the Cambridge study will start a debate, because scant attention has been paid to tracking the financial benefits – or otherwise – of introducing Japanese-style methods into UK manufacturing.

This is because of the inherent difficulties in doing so. Complicating factors include the financial condition of companies before they start introducing the methods, the vagaries of market conditions, and differences in profitability and the competitive environment among industrial sectors.

It is often difficult or even impossible to separate from all these external factors the effect on profits of a specific change in methods, particularly when the change involves "people issues" which by definition cannot be quantified numerically.

No one is saying that trying Japanese methods is a waste of time in Britain

Moreover, any process of change is likely to generate disruption and costs for a year or two, producing financial benefits only later. The Cambridge study found that the peak for introducing new manufacturing methods was reached around 1988, and the study continued to 1992, giving just about enough time to assess the benefits.

Oliver says the findings are not all bad news. First, the use of Japanese production methods does result in reduced stocks, as is clearly intended by JIT.

Second, sales per employee among the high users shows a greater improvement during the period 1986-1992 than those of the lower user group. The performance gap becomes noticeable around 1988, by which time most companies had introduced Japanese methods, and widens to a differential of about 30 per cent in 1992.

The operating profit margin of both low and high users fluctuates between 6 and 8 per cent from 1986 to 1990. But after that it falls sharply for the high users, to about 4 per cent in 1992. In contrast, the low users' average profit margin rose to 9 per cent in 1991 before dropping back to about 7 per cent in 1992.

One explanation for this may be that it is simply a random variation. Or some of the costs of implementation of the methods may not have filtered through until 1990-91, although this is not wholly consistentwith a 1988 peak for their introduction.

That leaves a third explanation, according to the study: that for some reason the high users of Japanese methods proved more vulnerable to the recession – or at least to an economic environment that is fluctuating and unstable – than did the low users.

Oliver believes that the fragility of Japanese lean production methods may explain the financial performance.

Companies can lose orders to competitors if they have de-stocked excessively. Cultural differences in attitudes to *kaizen* may also be to blame, he suggests: in Japan, a group of workers which comes up with a new method would pass on the financial benefits to the company, whereas a similar group in the UK could in some circumstances retain the benefits themselves as time saved.

No one is saying that trying Japanese methods is a waste of time in Britain. But the Cambridge study does further reinforce the argument that they cannot simply be applied anywhere and by anyone without regard to local conditions. More research into the link between lean production and profits in the UK environment is needed.

**The Financial Impact of Japanese Production Methods in UK Companies*, by Nick Oliver and Gillian Hunter. Judge Institute of Management Studies, University of Cambridge, Mill Lane, Cambridge CB2 1RX. Tel 0223 338179. Price £5*

Marco Tronchetti Provera: 'Crises can help accelerate change. If led in the right direction [they] can achieve good results rapidly'

Hitting the open road

A restructured Pirelli is pinning its hopes of a return to profit on a culture of transparency, writes **Andrew Hill**

During the next year or so, Pirelli's managers will be seeing a lot more of Marco Tronchetti Provera, the Italian tyre and cable manufacturer's managing director.

Pirelli, a company which has invested heavily in the latest fibre-optic technology, is installing video conference facilities throughout the group. The network is in place for the group's research units in Germany and Italy. The UK, Brazil and France will follow. A separate network for management should be in place by the end of the year.

Tronchetti Provera is a manager who wants to see and be seen. In Italian and English, he talks repeatedly about clarity, transparency, visibility and information flow. The video conference, he says, apart from its obvious advantages for researchers who need to see each other's models and plans, makes management easier.

"I do a global tour twice a year to make contact with people, and every month the main people in charge also come to Italy," he says. "But with the video conference, you don't just talk face to face; it allows more flexible management."

Video conferences are also a symbol of how Tronchetti Provera has changed Pirelli since Leopoldo Pirelli, the chairman, gave up executive control in February 1992, the nadir in the company's 122-year history. That was just after Pirelli had been forced to abandon its takeover of Continental, the slightly bigger German tyre-maker. About half Pirelli's L673bn (£276m) consolidated loss for 1991 was blamed on the cost of mounting the bid. The takeover was prepared by a complex network of alliances, built on secret guarantees that Pirelli would cover any losses on Continental shares incurred by its allies. The strategy looks like the exact opposite of the culture of transparency Tronchetti Provera has now instilled in Pirelli.

The managing director is too tactful to put it that way. "I think that all crises can help accelerate the process of change. Crisis in the market, internal crisis, if led in the right direction, can achieve good results rapidly."

The Continental debacle was the spur which allowed Tronchetti Provera to cut costs, reduce the company's break-even point, and slice debt from L4,000bn in January 1992 to L2,000bn in June this year. Excluding the sale of non-core businesses, Pirelli factories have been reduced from 102 to 80, and the workforce from 50,000 to 40,000. Another stage of this restructuring began last month, when Pirelli announced it would sell its farm tyres business in the US.

The group's results for this year should demonstrate the benefits of this post-crisis restructuring to concentrate on the core tyre and cables businesses. In 1993, Pirelli's net losses narrowed to L96bn. The company expects to return to net profit in 1994.

Tronchetti Provera has tried to encourage what he sees as strong potential inside the group. More than 60 per cent of the company's managers have changed position within Pirelli in the last two years, for example, and new ideas have been promoted in the cables and tyres operations.

"It was clear to me [in early 1992] that Pirelli had the internal capacity for product innovation in tyres, which was under-used. We had a strong brand name in the world, the result of product quality, but also of the imagination of our new products," he says. "So we started to provide incentives for this capacity." Cables, he says, followed suit.

That is where Tronchetti Provera's emphasis on communication comes in. He has tried to encourage flows of information: "If development [of ideas] is left up to each country, it's difficult to collaborate and innovate. If, on the other hand, you try to transfer information quickly between quality people . . . that's when ideas are born and opportunities to do new things."

Pirelli has also kept more in touch with clients. A higher proportion of turnover in the tyres division – 65 per cent – now comes from the replacement market rather than the own-equipment market. That means margins are higher, but also that the demands of customers are clearer.

In cables, US subsidiaries have relayed information to the centre about the leading edge of the multi-media revolution, encouraging Pirelli to develop its high-technology fibre optics more aggressively.

Nevertheless, many Italian observers still seem to expect Pirelli to behave like other Italian companies with the same heritage, cutting deals behind the closed doors of the *salotto buono* (good drawing room) of Italian corporate tradition. Tronchetti Provera's career fits the traditional template: he married Leopoldo Pirelli's daughter (they are now separated) and his family investment company owns 5.75 per cent of Pirelli's holding company.

But he dismisses this old-fashioned interpretation of Pirelli's ambitions. For example, he says stories about how Pirelli wants to exert an influence over Stet, the state-owned telecommunications company, after it is privatised, "make us angry". Rumour has it that Pirelli will link up with Mediobanca – the influential Milan merchant bank which advised the group on the ill-fated Continental takeover – to take control of Stet by the back door. Tronchetti Provera describes this as "rubbish" and points out that Pirelli wants liberalisation of the telecoms sector, not perpetuation of a private monopoly.

He does, however, foresee continued strong technological co-operation between the two companies. "It's a serious industrial project by Pirelli and by Pirelli only – not a power-play as some have tried to depict it," he adds.

Clearly the moment for the geographical expansion of Pirelli has arrived. As for acquisitions, it seems the ghost of the Continental bid may have been finally exorcised. "Before thinking of acquisitions, a company must be under management control, be cost-effective, and have a capacity for innovation. Then it can look at opportunities," says Tronchetti Provera. Has Pirelli reached that point? "We're close."

مختلف عن الأصل

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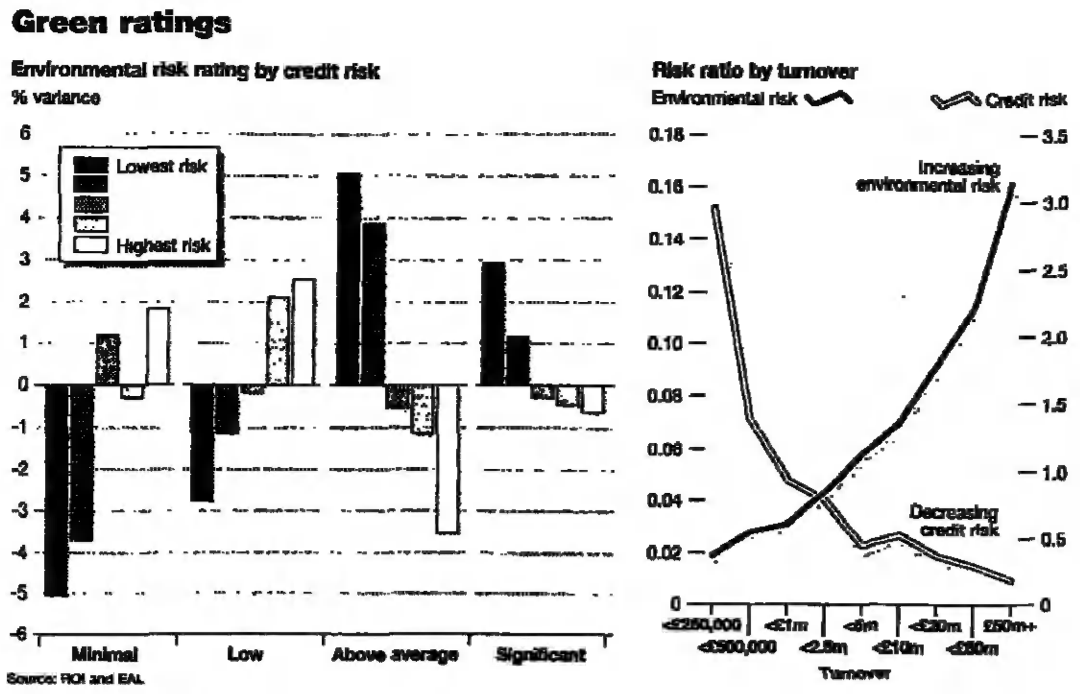
BUSINESS AND THE ENVIRONMENT



Credit where credit is due

David Lascelles examines an ambitious attempt to rate companies according to their greenness

The concept of environmental risk is gaining ground in business circles. But how does it affect a company's standing in the market and the way it behaves?

One of the more ambitious attempts to relate environmental risk to the traditional features of a business, such as its credit standing, geographical location and payment performance, has just been completed in the UK*.

It was prepared jointly by Risk and Opportunity Intelligence, an economic analysis firm, and Environmental Auditors Ltd, an environmental consultancy, using information about 330,000 companies in the Dun & Bradstreet database.

EAL ascribed an environmental risk rating to each of the companies in the database, based on its industrial category. Risk, in this case, meant how "dirty" the business was and how likely environmental factors were to affect its performance. Thus dry cleaners and garages achieved low rankings and service businesses scored higher.

ROI then compared these ratings with the credit ratings which had already been ascribed to the companies on a scale of 1 (best) to 5 (worst). The surprising result (left-hand table) was that the more environmentally risky companies tended to have the lower credit risk. That is the opposite of what might be expected, namely that dirty companies are also the more risky financially.

The reason for this paradox is to be found in another part of the research (right-hand table). This shows that environmental risk rises with both the size of a business, and also in many cases with its age. In other words, bigger and longer established companies are dirtier. This is not surprising when considering Britain's large companies today: they are usually decades-old manufacturing or chemical companies with household names.

Thus, ICI and Shell only earn middling environmental risk ratings because of the nature of their businesses, but their credit rating is the very best. On the other hand, a newly formed publishing firm consisting entirely of white-collar workers would earn a high environmental rating, but could pose a large risk financially.

That particular finding applies whether a company is measured by the size of its turnover or by its tangible net worth.

But another aspect of the research puts a different twist on this. ROI and EAL compared a company's environmental risk rating with its payment performance. This showed that companies with a high environmental risk tended not to settle their bills promptly. Could this be another version of the frequently observed fact that large industrial companies like to keep their creditors waiting? Companies with low environmental risk, in other words the newer service industries, were prompter payers, although if they were late they were very late.

The survey found that the companies with optimal risk are, by these measurements, 11 years old. That is the point at which the environment and credit risk lines cross. Any company younger than that tends to have a lower environmental risk and a higher credit risk. Any older is more risky environmentally, but stronger financially.

The survey also looked at how environmental risk is spread around the country. Not surprisingly, perhaps, the south east stands out as having by far the highest proportion of low-risk companies because it has the most service industries, such as finance, and relatively few manufacturing companies. The regions with the greatest number of high-risk companies were the West Midlands and Wales, again hardly a surprise given the amount of manufacturing and mining in those areas.

One of the more intriguing findings relates the riskiness of a company to its age. This shows that older companies tend, in general, to be the dirtier ones. But there are a couple of wrinkles. There is a sharp jump in dirty companies formed in the late 1930s and early 1940s, presumably a legacy of the war effort when production was all that mattered. After the war, the number of new dirty companies fell steadily as various pieces of environmental legislation were passed, such as the 1956 Clean Air Act, the 1974 Control of Pollution Act and the 1989 Water Act.

But, curiously, the line then starts rising again. After 1990, more dirty companies were formed. This can be interpreted in two ways. It can mean that pollution regulation is not biting and that the authorities are tolerating lower standards.

A more likely explanation, however, is that technology has now advanced to the point where it becomes possible to start up dirty companies again, but within the standards set by new pollution controls. If so, that is a healthy development because it suggests a rebirth of manufacturing.

Niall Fraser of ROI says that some of the findings of the survey may seem obvious. But he says: "No other study has included such a vast number of businesses."

He believes the research could provide a useful tool to measure performance among bank loan portfolios, investment funds insurance companies and company suppliers. It has been used by stock analysts to assess the soundness of UK clearing banks by classifying their exposure to various levels of environmental risk.

**System-based Environmental Risk Rating (SYBERR). Details available from ROI, Dauntsey House, Frederick's Place, Old Jewry, London EC2R 8AB. Tel: (071) 600 4626.*

A hole in the net of fishing's future

Skirmishes over cod and tuna reflect worsening stock depletion worldwide, writes **Alison Maitland**

This month's clashes between fishermen about cod and tuna in the Arctic and the Bay of Biscay are symptoms of a wider problem – the depletion of fish stocks around the world.

The Worldwide Fund for Nature (WWF) calculates that there have been 20 such incidents worldwide in the past 18 months, as fishermen move into rivals' hunting grounds in search of new outlets to remain profitable.

They are caught in a vicious circle. As fish stocks become more scarce, they fetch a higher price, raising the incentive for fishermen to intensify their effort.

The problem, according to the United Nations Food and Agriculture Organisation (FAO), is exacerbated by the subsidies that governments provide to fleets, for example, in aid to shipbuilders, or grants for fishing gear.

It is also difficult to measure a resource at the mercy of changes in weather or currents. Fishing quota systems are based on scientists' estimates of stocks and may be in error by up to 20 per cent, says John Caddy, head of the FAO's marine resource service. "If they make the mistake several times, there's a possibility the stock will become seriously depleted," he said.

The EU's common fisheries policy has helped create conflicts between fishermen by allocating quotas to single species like cod, says Indrani Lutchman, fisheries officer for the WWF. That creates heavy pressure on those species and drives fishermen to other zones when stocks fall.

Defenders argue that conflicts between fishermen would be greater if oceans were open to all comers, especially as declining stock leads to collapse in areas such as Newfoundland.

The catch from the world's oceans has been falling since it hit a peak of 86.4m tonnes in 1989, according to the FAO. Three years later it was about 80m tonnes.

Most of the north Atlantic, north Pacific, Mediterranean and Black Sea is overfished, as are the Gulf of Mexico and the Caribbean. More fishing in these areas will produce smaller catches.

The greatest decline is in the most highly valued fish, such as sole and plaice, and in standard-priced finfish like cod, haddock, and mackerel. Overfishing is also affecting marine and lake fish such as sardines and tilapias.

As fleets turn to new fishing grounds, these, too, are at risk of overexploitation, says the WWF (see graph). The Anglo-Spanish confrontation in the Bay of Biscay is about albacore tuna. There are no EU quotas for albacore, but that may change if driftnet fishing practised by French and British vessels depletes the population, as scientists fear.

Lutchman wants these dangers addressed at a United Nations conference starting in New York next week on managing fish stocks in the high seas, beyond the reach of individual countries' 200-mile exclusion zones.

She believes global fleet reductions are the answer. Management regimes, using enforced quotas and restrictions on fishing tackle, can also work, for example off north Norway, where stocks are healthy. Such controls are the FAO's preferred solution, since they allow stocks to recover and reduce the number of discarded fish, which account for more than 10 per cent of the catch in many fisheries.

The FAO also advocates a return to exclusive fishing rights – allocating specific areas or stocks to certain groups of fishermen – to encourage conservation. Caddy cites the huge investment in artificial reefs around the Japanese coast, which protect stocks from predators.

But global solutions require agreements between coastal states, long-distance fishing nations such as Japan, Korea and Spain, and unregulated fishing vessels flying flags of convenience.

That is one challenge facing the UN conference, which began work in 1993 and is due to wind up at the end of August. Even if a treaty were thrashed out, the question remains of burgeoning populations facing dwindling supplies.

The FAO proposes that smaller fish caught as feed for animals and fish farming should be used for human consumption instead, as quality and freezing methods improve. About 30 per cent of the world catch is turned to fishmeal.

Without such a shift, the outlook for the human diet is gloomy, says the FAO. If more and more sea fish are caught purely for fish meal the danger is that humans will no longer enjoy fish from the wild. "The impact would be the loss of the present wide spectrum of food items that the existing 1,000 commercial species now provide, to be replaced by very few species providing only differences in flesh, colour and texture."

Major world fish stocks

STATUS	FISH TYPE	OCEAN REGION
Overfished	Japanese sardine	NW Pacific
(Overfished pre-1989?)	chub mackerel	E Pacific
	cod	Arctic
	salmon	N Atlantic
	salmon	NE Pacific
	bluefin tuna	NW Atlantic
	skipjack/yellowfin tuna	SE Indian
	sardine, anchovy, mackerel	SE Pacific
Depleted (Recently depleted)	pilchard, chub mackerel	NW Pacific
	Pacific halibut, herring	NE Pacific
	Pacific herring	S Pacific
	yellowtail flounder cod	NW Atlantic
	European sardine	E Atlantic
New/expanding fish zones (in danger of being overfished)	ocean perch, orange roughy, black scabbard?, grenadier, blue ling	N Atlantic
	shrimp	NW Atlantic
	octopus, squid	E Atlantic

Based on sources compiled by WWF UK

PEOPLE

Harwood moves to Kleinworts

Ian Harwood, 41, the longest-serving member of S.G. Warburg Securities' top-rated economics team, is moving to Kleinwort Benson as international economist.

Harwood, who has been with Warburgs for 17 years, is the latest in a growing list of Warburg economists who have defected to rival institutions. A year ago John Shepperd and Nigel Richardson moved to Yamaichi International and at the start of the year Kevin Gardiner joined Morgan Stanley.

Harwood's departure underlines Warburg's position as one of the more fertile hunting grounds for City economists. Because of its reputation, the firm appears to have little difficulty recruiting bright young economists some of whom are subsequently tempted away by firms prepared to pay more than Warburg.

Kleinwort Benson lags well behind Warburg Securities in the areas where Harwood has made his name. He has been variously the firm's chief UK and international economist and most recently head of global asset allocation. In the latest Extel ranking Warburg was rated number one in international equity market coverage, and number three in global asset allocation and international economics.

Edmond Warner, 31, KB's head of strategy and economics who joined from Baring Securities just under a year ago, says Harwood's job will be to "beef up" macroeconomic research and international marketing. Albert Edwards will continue to be responsible for global strategy research.

Michael Herbert, 61, who recently retired as chairman and chief executive of the Tussauds group, owned by Pearson, has just joined the board of Royal Armouries (International), the company formed to operate the UK's first private finance initiative in the arts sector, the Royal Armouries in Leeds.

The Leeds-based collection, due to open in early 1996, will be stocked largely by material from the Tower of London, but will not, says Herbert, be taking historically important and London-related items – such as Henry VIII's suit of armour – from the White Tower there.

"It's moving part of the Tower of London collection to Leeds, but in turn that means that remaining items, such as the crown jewels, will be able to have more space for display than previously," says Herbert. The Leeds project has a combination of private and public sector finance totalling £42.5m.

A trained accountant, Herbert started his working life with Peat Marwick. He joined Madame Tussaud's (as it then was) in 1967, its first-ever qualified accountant, becoming its finance director in 1971, eventually taking on the role of chief executive in 1976.

London post for Watanabe

Akira Watanabe has been appointed managing director and chief executive of Mitsubishi Finance International in London, a post which he will take up in mid-September. He is currently general manager, derivative products, in Tokyo, responsible for the bank's derivatives business worldwide.

He was vice chairman of the International Swaps & Derivatives Association (ISDA) from 1989 to 1993 and has been involved in the derivatives business since 1984. He joined the bank in 1971.

He will replace Juntaro Fujii, who returns to Tokyo to take up a position as general manager in the investment banking division. He will play a key role in the establishment of Mitsubishi's new securities subsidiary, recently authorised by the Ministry of Finance, which is expected to be up and running in November.

■ **Alan Dargan**, 41, an executive director of CS First Boston responsible for advisory activities in Scandinavia and Ireland, has been appointed a managing director in SWISS BANK Corporation's London-based corporate finance team.

■ **Paul ffolkes Davis**, 39, has been recruited from N.M. Rothschild to be joint head of NATWEST SECURITIES' equity capital markets. Peter Hansen, 41, joins from Lek Partnership as head of client services.

■ **Colin Hook**, formerly md of Global Asset Management (Asia), has been appointed joint md designate of CLAN ASSET MANAGEMENT.

■ **Nigel Davies**, 38, former head of research at Robert Fleming Securities, has joined PANMURE GORDON & Co as a director and head of research.

■ **Simon Wetton**, 30, is joining HOARE GOVETT as head of international sales from Merrill Lynch.

■ **John Shakeshaft** has been appointed a director of BARING BROTHERS & Co.

■ **Roger Bach, Peter Gold, John Graham and Hugh Humfrey** have been appointed directors of PERSHING, part of Donaldson, Lufkin & Jenrette Securities Corp.

■ **Mark Coley** has been appointed a director of ELY FUND MANAGERS.

■ **Joss Trout**, a director within Swiss Bank Corporation's equity capital markets division, has been appointed a director and head of NOMURA INTERNATIONAL's equity capital markets group.

■ **Daniel Godfrey** (below left) has been appointed marketing director of FLEMING Investment Trust Management.

■ **Nicholas Reid** (below right), formerly a director of Mercury Asset Management, has been appointed md of GERRARD VIVIAN GRAY.

هكذا في الأصل

ARTS

Television/**Christopher Dunkley**

It is flair, not formula, that counts

Back you come after a few weeks absence and still they are running around in circles shrieking "Look out! Here comes the information superhighway! Don't panic! Don't panic! The information superhighway is coming to your television!" As with religion and politics, the more excited the devotees become, and the more often their claims are repeated, the greater the suspicion that they are talking nonsense.

With communications technology these bouts of hysteria crop up regularly. Fifteen years ago the techno freaks were rushing around shouting "Look out! Here comes convergence! Don't panic! Don't panic!" Organisers of day conferences made lots of money, and miles of column inches were devoted to the idea of all the mass media melting into one.

Of course it did not happen. Telephones and cinema and television and publishing did not converge to any significant degree: how many ordinary people (not working in mass communications) do you know who use the telephone to download information onto their television screens? When did you last buy a shirt via teleshopping? Yes, you can see Hollywood movies on your television, but then you always could. When lectured on the revolution about to happen on your television screen by a man with five ballpoints in his breast pocket, the acronym to remember is "Gigo": garbage in, garbage out. What matters to most of us is not the way in which facts or entertainment reach us, but the quality of the content. It would be nice if the instruction book (it has to be a book, obviously) could be written in English rather than translated from the Japanese by a wild eyed teenage virtual-reality freak in an anorak, but that aside we really do not care much whether we use DAT or laser disc, cable or satellite.

And yet the BBC has just sent out a glossy silver leaflet announcing the BBC Networking Club, and the first line of type on the front page (naturally they would not use anything but the 600-year-old medium of print to get this across) says "Nowadays it's not who you contact, but how you contact them!" That is the sort of fatuous assertion that makes you despair of what was, until quite recently, a great organisation concerned almost exclusively with producing radio and television programmes, many of them outstanding. Inside the leaflet, among promises of a "guided tour of Cyber Town" and instructions on how to "configure your WWW browser" is the suggestion that, with this new network, known as Auntie (quite a good undergraduate joke in the 1960s) you will be able, for instance, to "find out more about your favourite BBC tv and radio programmes". Those who have tried using the existing on-screen text services to check a late programme change, and waited endlessly while the "page" numbers click round, only to find that the schedule has not, anyway, been updated, will have their own views on that.

Presumably the launch of the Auntie club is prompted by the fashionable notion that the BBC, instead of just going on making excellent programmes, should become (West Coast accent, please) a "vertically integrated global media conglomerate", or some such thing. Yet the BBC's greatest strength has always been in giving free rein to individual flair and talent, not in serving some pre-ordained formula. One of the best series now on screen is *Billy Connolly's World Tour Of Scotland*, a programme unlike any I have seen before. Connolly toured tiny venues in some of the remotest parts of Scotland, and programme makers Willy Smax and Bill Tennant have combined clips from his stand-up routines there with bits of travelogue – often strikingly sentimental, but proudly so, not apologetically – to create a form of fond autobiography which is strongly flavoured, vivid, and enormously appealing.

If you want to know what it means to be Scottish this series is far more powerful than anything emerging from *The Tales Of Para Handy* which works to a depressingly familiar formula: start with a book and choose for the lead someone who is already highly successful in some other series, in this instance Gregor Fisher, a.k.a. Rab C Nesbitt. Why choose Kriss Akabusi to introduce the happy-clappy programme *Summer Sunday* on BBC1? Up to now he has been known not for his religious faith but for his sprinting ... but also for wilder enthusiasm than anyone else in the British athletics team. And there is the clue. We now have yet another series presented with the formula that used to be reserved for teeny-bopper pop shows, all squeaky hysteria, windmilling arms, and screams of "Hallo Scarborough!"

The best programmes rely not upon some wild-eyed concept of advanced technology, nor upon slavish adherence to a formula, but upon the unique vision of a talented individual. It is true of Desmond Morris's *The Human Animal* which, tonight, considers human living quarters, having looked last week at the way that the hunting instinct remains with us in modern urban surroundings. Morris's theories may not all prove correct in the long run, but he thinks interestingly and argues persuasively about what makes human beings behave the way they do. Far from adding to the programmes, the occasional rinky-dink electronic tricks actually detract.

Michael Moore's TV Nation on BBC2 on Fridays is another series which has value solely because of the idiosyncratic approach of its presenter. Moore is the American who made the in-your-face documentary *Roger And Me*, about the catastrophic effect on Flint, Michigan, of the closure of the town's car factory. Now he is making a whole series which holds your attention – and entertains, even when matters are pretty serious – by continuing to be equally bull headed. Last week he blithely investigated what influence in US government you or a lobbyist can buy for $5,000; the contrast between President Clinton's description of the town where he was born and other people's descriptions of the town where he grew up; and the reasons why North Dakota is the least visited state of the union. Asked why anyone should visit, the governor says "You can still get lost here".

It is the content that counts. Even if the information superhighway does come crashing into our sitting rooms in time to be a boon to our grandchildren, it will still be the content that counts. Nowadays, as throughout history, it is not how you contact people that matters but what they have to say.

Promenade concert/**David Murray**

A tribute to Glock

The Proms paid tribute to Sir William Glock on Sunday, as well they might. During his reign as Controller of Music at the BBC (1959-1972) he effected a revolution in British music, which badly needed one. This double-length programme echoed perfectly his own *soigné* tastes: passionate respect for the Viennese classics and the early modernists (Ravel, Stravinsky), a great – and back then, unfamiliar – interest in the roots of Western music before Bach, fastidious attention to what was new.

Those of us who were around at the time will not forget the excitement of the "Invitation Concerts", which spotlit serial and post-serial music for the first time on the BBC. Such continental-influenced stuff had been granted only minimal air-time before. Only a few Londoners who attended coterie concerts were (imperfectly) aware of the most potent musical developments elsewhere.

With Glock, the Third Programme suddenly became for many of us our main *entrée* to serious new music, both by foreigners and by adventurous young Brits: Maxwell Davies, Goehr, Birtwistle – even adventurous older Brits (Lutyens, Maconchy), and also an exiled Spaniard (Roberto Gerhard, once a Schoenberg pupil) – so long as they met Glock's severe standards for radically new musical thought. There is probably some truth in recent charges that Glock was hoity-toity about "contemporary" British music in the post-Elgar, post-Bliss, post-Walton tradition; but in the late 1950s and the '60s, that vein had no semblance of vitality.

Lutyens was represented here by the second performance (only now!) of a BBC commission from Glock's days, *The Tears of Night* for counter-tenor (James Bowman), soprano trio and ensemble: nocturnal, grave, hieratic, curiously affecting. I remember Gerhard's 1960 sextet *Libra* from some performances that made far more vivid sense of it than this Prom account, efficient but unimaginative under Martyn Brabbins: where were the abrupt surprises, the dangerous glee, the uncanny suspension at the end when the mock-primitive flute arrives?

We missed those. But the Nash Ensemble also figured as accompanists to Skaila Kanga's artful harp in Ravel's Introduction & Allegro (it is time to admit that this is an imperishable, superbly constructed work, not just a charming confection); and the New London Consort remembered the late David Munrow's style in sets of lively Renaissance dances.

Quite rightly the concert included a post-Glock piece, George Benjamin's recent *Sudden Time*. It meets every Glock criterion – articulate thought, professionalism, a refusal of any cosy routine – and positively over-fulfills its brief. As conducted by the composer with his customary precision, its friendly, consonant, unexpected sounds both gave pleasure and promised further depths to fathom.

At the beginning and the end we had grander stuff. Colin Davis led an irresistible Haydn Symphony no. 99 and Mozart's B-flat Piano Concerto K. 450 with Imogen Cooper. I confess to finding her by turns sentimental (downright smoochy with the second subject of the first Allegro) and elsewhere too muscularly forthright, but I may be stupid; certainly she is a thoughtful artist, perhaps too self-consciously self-effacing.

The best things in the concert came from Pierre Boulez. In Stravinsky's *Symphony of Psalms* he took the first movement far above the composer's tempo, which lost the sense of a measured introduction but gained the effect of a seamless prelude to the central double Fugue – which he read as prescribed, and transparently; the Finale too, which rose to its awesome, timeless rewards in the long coda.

Then his own *Cummings ist der Dichter* (with the BBC Singers and electronic enhancement) came to exact, volatile life, as never before in my experience. It post-dated Glock, I think, but it served as an ideal model for what he has treasured most: clarity, economy and calculated originality – a joy to hear.

Hampstead Theatre wins Ramsay Award

The first Peggy Ramsay Foundation Award, all £50,000 of it, has gone to London's Hampstead Theatre. It will enable the theatre, and its director Penny Topper, to put on a no-expense-spared-production of Rona Munro's new play *The Maiden Stone*.

Peggy Ramsay was the draconian theatrical agent who numbered most of the leading playwrights of the past generation, from Orton through Ayckbourn to Hare, among her clients. When she died in 1991 she left an estate of over £1m "to benefit writers in need of assistance."

The trustees of the foundation decided to give a substantial sum each year to a new play, to enable it to have the best possible production. Six selected theatres sent in scripts of planned projects and Hampstead won.

On average a new play at Hampstead costs £35,000 to put on, and the small stage means that the cast rarely exceeds six. Munro's play, which is still a work in progress, is an ambitious project involving a troupe of travelling players in the 19th century whose wanderings take them to a remote village in the north of Scotland.

The extra money will be spent on costumes and sets, and on training up the large number of children required in the cast. By the time it opens early next year the Hampstead stage will be buzzing with all the flair that money can buy.

Antony Thorncroft

The whole ensemble is brilliantly committed and Cesar Sarachu's performance as Joseph (centre) is outstanding — Alastair Muir

Theatre/**Alastair Macaulay**

'The Street of Crocodiles' – a riveting dream

The Street of Crocodiles – Theatre de Complicite's 1992 stage adaptation of stories by Bruno Schulz, currently back in London after one round of international tours and before another – is a riveting, bewildering dream. It has a dream's crazy jumps from one kind of reality to another, and the heightened bizarrerie of a dream too. What kind of dream it is changes while we watch: illusion, reverie, nightmare.

The work is not in every respect a success. Many of its details are confusing; a great deal of the scenario published in the programme will come as a surprise to those who only read up after the performance (myself included); certain scenes are too prolonged; and the cartoon grotesquerie of the characterisations becomes sometimes wearying. Yet it has a peculiarly compelling stage life, with its own weird inner logic.

The hero, Joseph, is a lone figure at work in a library. He opens certain books; his thoughts take wing. Now he is teacher to a class of unruly pupils, now son and brother to the members of his own eccentric family, now a forlorn lover forever pursuing one girl through the whirling world. In his mind, however, it is the members of his family household who people all the scenes he imagines or remembers. In particular, he is haunted by his father, an intelligent man forever in flight from the minutiae of daily existence and in pursuit of larger realms of thought. "Wood is alive," proclaims his father amid the carpentry class he is trying to teach; and – his *idée fixe* – "The migration of souls is the essence of life." Joseph backs his father, even when his father's obsession with birds, books, and the life of the mind, makes domestic existence intolerable for almost everyone else. At one point during the central dinner scene, the members of the family turns into his father's birds; at another, they turn into his impertinent pupils in the schoolroom.

I never understood why some of this German family spoke in Spanish. Or why, in one episode, the maid Adela has an extra pair of shoes attached to her ankles. Or why, early on, we see a man – seemingly in defiance of gravity, body parallel to the floor – walking slowly down a wall towards the floor. Yet such deranged details as these help to give *Street of Crocodiles* its perverse vitality.

Other details have a resonant poetry. When the "pupils" all round up against poor Joseph and strike him round the stage, his staggered, flailing, retreat acquires the rhythm of a crazy dance. When the maid Adela attacks the household's junior menfolk who pester her one summer, she chases them like flies – whereupon Joseph's father, the constant bane of her prosaic existence, becomes a vast wasp, hovering the more angrily for her aggression. When, finally, Joseph tries to keep the world out of his father's once magical shop, the people beat on the door and start to sing a polyphonic chorale that turns into, of all things, "Worthy is the Lamb that was slain": which in turn prepares us for the way they will assail him and sacrifice him.

What helps *Street of Crocodiles* most is the cast. The whole ensemble is brilliantly committed, and there are some first-rate individual performances. Outstanding is Cesar Sarachu as Joseph. It is the devout economy of his playing that stops this work from ever becoming too overwrought; his sincerity and innocence place into perspective all the oddballs around him. Finest of these is Lilo Baur as the maid Adela. Her impatience with his father's unworldly and unrealistic ways creates immense tension round the home; she is a perpetual dynamo – a smouldering, even demonic, force, even though she appears to champion conventional values.

Simon McBurney directs, and also adapted the stories (with co-director, Mark Wheatley). Thanks largely to him, Theatre de Complicite has become one of Britain's flagship companies. The irony about this is that its performing style – full of heightened mime and caricature, with exaggerations and repetitions, underlining points in a method that is basically expressionistic – is highly European. Though some of its performers are British, few British virtues or vices are in evidence. Is it a sign of things to come that one of our most individual troupes looks as if it derives from the other side of the Channel?

At the Young Vic until September 3.

INTERNATIONAL ARTS GUIDE

FESTIVALS

■ BAYREUTH

Tonight's performance is Parsifal, with a cast headed by Poul Elming, Hans Sotin, Bernd Weikl and Uta Priew. The second of this year's three Ring cycles opens tomorrow, in a new production staged by Alfred Kirchner, designed by Rosalie and conducted by James Levine. The cast is headed by John Tomlinson, Deborah Polaski, Wolfgang Schmidt, Tina Kiberg, Poul Elming, Ekkehard Wlaschiha and Eric Halfvarson. Last year's production of Tristan und Isolde, conducted by Daniel Barenboim and staged by Heiner Müller, is revived with the same two singers in the name-parts - Siegfried Jerusalem and Waltraud Meier. The other revival is Dieter Dorn's 1990 production of Der fliegende Holländer, conducted by Peter Schneider (0921-20221)

■ BREGENZ

The opera festival at the Austrian corner of Lake Constance has won an enviable reputation for artistic boldness, while preserving its appeal for tourist audiences. David Pountney's spectacular 1993 production of Nabucco runs daily till Aug 22 on the lakeside floating stage (no performance Aug 16). Vladimir Fedosseyev conducts the Moscow Radio Symphony Orchestra on Aug 23, and the festival ends on Aug 26 (05574-4920 224)

■ INNSBRUCK

The Innsbruck baroque and early music festival runs from August 14 to 27. There are two opera productions at the Landestheater: Telemann's Orpheus conducted by René Jacobs, with a cast headed by Janet Williams, Carola Höhn and Jörg Hering; and Biber's Arminio, with a cast headed by Gregory Reinhart and Lorna Anderson. The concert programme, given in historic buildings in Innsbruck and the surrounding region, features the Tallis Scholars and the Freiburg Baroque Orchestra (0512-571032)

■ LA ROQUE D'ANTHERON

The castle grounds of La Roque d'Anthéron, equidistant from Marseille and Avignon, provide a serene Provençal setting for a piano festival of increasing international renown. Visiting artists over the next two weeks include Jean-Bernard Pommier, Elisabeth Leonskaja, Stephen Hough and Deszö Ranki, who gives the final recital on Aug 21 (4250 5115)

■ LINZ

The annual Bruckner festival in this Austrian town (Sep 11-Oct 2) opens with Riccardo Muti conducting the Vienna Philharmonic in Bruckner's Seventh Symphony. Giuseppe Sinopoli conducts the Philharmonia Orchestra in two concerts, and Semyon Bychkov conducts the Orchestre de Paris in Bruckner's Ninth. Marek Janowski conducts a concert performance of Wagner's Lohengrin, with a cast headed by Peter Seiffert and Eva Johansson. Other visitors include the Hagen Quartet, Christian Zacharias, Simon Estes and Mauricio Kagel. The final two concerts are given by the London Philharmonic under Franz Welser-Möst (Brucknerhaus-Kasse, Untere Donaulände 7, A-4010 Linz. Tel 0732-775230)

■ RHEINSBERG

The chamber opera festival founded by German composer Siegfried Matthus in the idyllic surroundings of Rheinsberg Castle, 90km north of Berlin, is now in its fourth year. The formula is simple: bring together an international group of promising young singers for a month of rehearsals and workshops with experienced performers, against a backdrop of castle, lake and park; then show the results in two opera productions. The second of these is a double-bill pairing Schoeck's Vom Fischer un syner Fru with Ibert's Angelique (August 12, 13, 17, 18, 19 and 20). Tickets can be bought at Rheinsberg or from Theatershop Ticket System in Berlin (030-483 1046)

■ SALZBURG

● This year's flagship opera production is Don Giovanni, staged by Patrice Chéreau and conducted by Daniel Barenboim, with a cast headed by Ferruccio Furlanetto, Bryn Terfel, Catherine Malfitano and Cecilia Bartoli. There are also two Mozart productions by Karl-Ernst and Ursel Herrmann - Ombra Felice (a collection of arias, scenas and ensembles conducted by Heinz Holliger) and La clemenza di Tito with Chris Merritt and Ann Murray. The opera programme otherwise has a Russian emphasis: performances of The Soldier's Tale, a new Stravinsky double-bill conducted by Kent Nagano and staged by Peter Sellars (first night Aug 22), and a revival of the Claudio Abbado/Herbert Wernicke production of Boris Godunov, with Samuel Ramey in the title role.

● In the concert hall, Nikolaus Harnoncourt conducts the Chamber Orchestra of Europe in Beethoven symphonies at the Mozarteum. The Vienna Philharmonic's concerts at the Grosses Festspielhaus are conducted by Muti, Solti and Boulez. The orchestral programme also features the European Community Youth Orchestra under Giulini (Aug 17), the Cleveland with Dohnanyi (Aug 21, 22), the Saito Kinen with Ozawa (Aug 27), the Berlin Philharmonic with Abbado (Aug 28, 29) and the Pittsburgh Symphony under Maazel (Aug 31).

● The recital programme includes Yevgeny Kissin (tonight), Daniel Barenboim (Sat), Alfred Brendel (Aug 16), Anne Sophie Mutter (Aug 21), Bryn Terfel (Aug 22) and Maurizio Pollini (Aug 23).

● A revival of Deborah Warner's production of Shakespeare's Coriolanus can be seen Aug 15-28 at the Felsenreitschule. The drama programme also includes Botho Strauss's Gleichgewicht (Equilibrium). An exhibition devoted to modern German art is on show at the Festspielbezirk (tel 0662-844501 fax 0662-846682)

■ SAN SEBASTIAN

This year's highlight is Carmen starring Denyce Graves (Aug 15, 17, 19). The concert line-up includes opera arias sung by Ruggero Raimondi (Aug 25), two programmes with the Royal Liverpool Philharmonic Orchestra under Alexander Lazarev (Aug 27, 28), a piano recital by Christian Zacharias (Aug 29), Beethoven and Mozart conducted by John Eliot Gardiner (Aug 30, 31), and an impressive series of church concerts (Quincena Musical, Teatro Victoria Eugenia, Reina Regenta s/n, 20003 San Sebastian, Spain. Tel 043-481238 Fax 043-430702)

■ SANTANDER

This year's visitors include the Ukrainian National Ballet (Aug 22, 23), Anne Sophie Mutter (Aug 25), the Dresden Philharmonic Orchestra with Rostropovich and Temirkanov (Aug 28) and the Florence Maggio Musicale Orchestra with Zubin Mehta (Aug 29). The festival programme ends on Aug 31. For information please contact Festival Internacional de Santander, C/ Gamazo s/n, 39004 Santander, Spain. Tel 042-314819 Fax 042-314767)

■ SCHLESWIG HOLSTEIN

Like a musical mosaic, the festival spreads out from Hamburg, Lübeck and Kiel to some of the most attractive towns in north Germany, in venues with a more local atmosphere than most international festivals. This year's programme places a special emphasis on Jewish music. There is also a retrospective of Beethoven. Among the highlights over the coming week are concerts by the festival orchestra in Itzehoe tomorrow and Westerland on Fri. Anne Sophie Mutter gives recitals in Kiel on Mon and Flensburg on Tues. Other guest artists include the Beaux Arts Trio, the Alban Berg Quartet, the Lithuanian Chamber Orchestra and the Danish Radio Symphony Orchestra. Günter conducts the North German Radio Symphony Orchestra in the final two Beethoven concerts at Kiel on Aug 20 and 21 (0431-567080)

ARTS GUIDE

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Wednesday: Festivals guide.
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WEDNESDAY
NBC/Super Channel: FT Reports 1230

FRIDAY
NBC/Super Channel: FT Reports 1230
Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730;

Edward Mortimer

Join the dots

Viewed from afar, Clinton's foreign policy looks rather less chaotic

A year ago, when I told a British friend I was going to Washington "to find out whether Clinton has a foreign policy", the predictable response was: "Well, I can save you the fare."

Since then, the US president's reputation in Europe has improved. His success in winning congressional approval for the North American Free Trade Agreement was generally appreciated, as was his contribution to the Uruguay Round. This year, he has been on three trips to Europe, and on the whole has made a good impression.

Meanwhile, the US and Europe have learnt to work together on Bosnia, the single most divisive issue of 1993. The results fall well short of the miraculous, but the US can claim credit for providing the muscle which has enforced a kind of peace round Sarajevo, and for converting the bitter struggle between Croats and Moslems into a wary truce, if not a wholehearted alliance.

Even Clinton's U-turn on relations with China, de-linking trade from human rights, has won more applause than brickbats in Europe, where it is generally regarded as part of the necessary learning process that every new US administration has to go through.

It was therefore a slight shock to discover, on returning to Washington two weeks ago, that criticism of Clinton's foreign policy performance there is, if anything, more widespread and scathing than a year ago. The claim is not that it has got worse, but that it has failed to get better, and that after one and a half years in office this failure has become damaging to the president's domestic prestige. A series of personnel changes in the state department and National Security Council have indicated, but not cured, a foreign policy malaise within the administration, and it is now widely assumed that secretary of state Warren Christopher will himself be sacrificed after the mid-term elections in November.

Actually I suspect the real failure is in domestic policy, which was Clinton's own chosen priority in the campaign that brought him to power. He gets little credit for an economic recovery which many seem to regard as statistical rather than real. Healthcare reform, the Clinton priority of priorities, has apparently backfired on him – or at least his sponsorship of it has become an embarrassment, so that Senate Democrats prefer to bring in their own version without the Clinton label.

That reflects the erosion of public faith in his integrity caused by Whitewater, and in his competence caused by tales of chronic indecision seeping out of the White House, notably in *The Agenda: Inside the Clinton White House*, the recent book by Bob Woodward – and that in turn affects perceptions of his foreign policy performance. Indecisiveness was one of the main charges levelled against him at a Republican foreign policy forum two weeks ago.

Public zigzags on both Bosnia and Haiti have damaged credibility

Perhaps the most trenchant was James Baker, secretary of state in the Bush administration, who says he will decide at year's end whether to run for the Republican presidential nomination in 1996. After conceding that in some areas – Russia, the Middle East, trade – the Clinton administration had built on his own successes, Baker complained that there was "no overall sense of direction, ... no sense of consistency, ... fragmentation in authority, ... a tendency to view foreign policy through the lens of domestic politics ... and a seeming inability to understand the importance of American leadership."

Yet in a conversation with Baker last week, I found that he disagreed more with the manner than with the substance of the Clinton foreign policy – except, rather surprisingly, that he favours a rapid extension of Nato which could even include Russia. Not only east European countries such as Hungary, but also Ukraine and Russia would be less likely to go to war with each other if they were inside Nato, he explained. He felt the US should have been "more resolute" in dealing with North Korea (but "I don't mean sending troops or starting a war"), and that in Somalia it should have stuck to its original mission of famine relief, rather than changing it "to one of nation-building".

In Bosnia, Baker said, the president's promise to send 25,000 US soldiers to implement the peace plan should "be taken with a grain of salt – I'm not sure Congress will let him". His main criticism was not so much that Clinton had failed to use force, as that "on six or seven occasions" he had said he would and then not followed up, thereby damaging US credibility. Baker believes that US leadership in the post-cold-war world should be based on "selective engagement": "We have to look at each crisis and determine whether our national interests, principles and values require that we become involved." In the Gulf war they did so require, but "you can't make the same argument in Haiti".

The charge of vacillation is hard to rebut. It may be preferable to a knee-jerk response to each crisis, but undoubtedly public zigzags such as we have witnessed on both Bosnia and Haiti do make for a loss of credibility. More consistent presentation of foreign policy is one of the main objectives of David Gergen, the Republican spin merchant now seconded to the state department after a year struggling to put a gloss on Clinton's domestic policies.

Good luck to him. But we outsiders should not let ourselves be bemused by the detail of presentation. We might do better to think of the Clinton foreign policy as a pointilliste painting. From close up, it looks a terrible mess. Stand far enough back and you get a more or less coherent picture, for which "selective engagement" would be as good a title as any. What a pity Baker thought of it first.

Emma Tucker on an attempt to bring a little harmony to European media ownership rules

TV farce in search of a theme tune

Media magnate Mr Rupert Murdoch sends a flutter through the UK political system by hinting that the previously right-leaning newspapers he controls might back Labour leader Mr Tony Blair. In Italy, Prime Minister Silvio Berlusconi is still dogged by controversy over a possible conflict of interest between his political duties and Fininvest media empire. These are just two examples of why media ownership in Europe is a sensitive topic.

But the need to tread carefully has not stopped European Commission officials overseeing the progress of Europe's single market from tackling the subject. They are worried that, because media ownership rules differ between countries, investment in the industry is being hampered.

"If the status quo is maintained," says a Commission official, "the European market will not attract potential international investment in the media. In addition, existing national players in the media will try to expand in other markets around the world which will result in a loss of investment in the Union."

The challenge identified by the Commission is how the European Union can take advantage of advances in broadcasting technology which are paving the way for, among other things, pay television, video on demand, and a proliferation of specialised channels.

The ideal solution, according to many Commission officials, is to harmonise rules on media ownership at EU level – a position the Commission is likely to adopt next month when it considers draft proposals from the directorate responsible for the single market.

But it may be harder to sell such a policy to the 12 EU member states. Asking nations to dismantle their legislation on media ownership – even with the laudable aim of improving the investment climate – will prompt searching debates about the EU's role in regulating the media, as well as discussions in the industry, with politicians, the European Parliament, and the Commission.

Those in the Commission who would like harmonisation will hope the anomalies in the current patchwork of media ownership rules will give impetus to their proposals.

For example, in the UK, there is no limit on the number of satellite television stations that can be owned by one person. In Italy, no one person can own more than three satellite or terrestrial stations. In France and Spain, the limit is one.

Media barons: Silvio Berlusconi (left) and Rupert Murdoch are provoking concerns in Brussels

In the Netherlands, newspaper publishers with a market share of more than 25 per cent are not allowed to own a TV channel. The same applies in Italy but with a threshold of 16 per cent. In the UK, a newspaper owner, no matter what the market share, cannot own more than 20 per cent of a terrestrial channel, but there is no limit on ownership of satellite channels.

The problems created by such differences have surfaced during a consultative exercise the Commission carried out last year among 70 companies and industry organisations. It found that many companies believe European-wide action to smooth out such wide inconsistencies is urgently needed.

As the Italian media group L'Espresso said in its submission: "The disparities which exist between national rules create distortions in the allocation of investments by penalising those countries in which legislation on media ownership is more rigid."

Another concern to emerge from the consultation exercise was the fear of publishers that out-dated rules on cross-media ownership would deny them the opportunity to take advantage of developments in electronic media.

Not all the companies consulted agreed on the need for harmonisation. "The media pluralism regulations have proved no barrier to cross-border investment by News International in the media," said Mr Murdoch's News International, which owns The Times and The Sun newspapers. Similarly, Fininvest said: "The limits on capital investment in television stations imposed in varying ways and degrees in many countries do not in themselves constitute a decisive restriction on international competition."

'If the status quo is maintained the market will not attract investment in the media'

Nevertheless the industry consensus was that national regulation should be harmonised. "I would say that so far there has been an amazing degree of consensus," says Ms Angela Mills of the European publishers council, the media lobby group. "We think it is right that the Commission should do this now because of the impact of new technology." Others point out that some of those media companies less than enthusiastic about harmonising ownership rules – such as News International and Fininvest – have an interest in protecting their dominant positions in their base countries.

But even with most of the industry backing the principle of reform, it will be hard to formulate a set of European-wide rules satisfying everyone.

Commission officials believe the best way of winning support for their proposals is to take as pragmatic an approach as possible. Thus plans expected to be unveiled next month would set two criteria for judging whether a media organisation should be allowed to expand its interests: first, the current audience size of the organisation, and second, the other media interests controlled by its owner (the "controller" test).

Setting rules of media ownership according to audience size would be particularly appropriate if, as expected, technology leads to a proliferation of "theme" television channels. "This is much better than looking at the number of channels, because channels have very different audience sizes," says a senior Commission official.

The problem would lie in measuring the audience size and deciding at what point a media operator should be prevented from expanding. These points are the subject of a further study by the Commission.

But the more controversial point will almost certainly be the so-called "controller" test. Here many member states are likely to argue the principle of subsidiarity should apply, and that it should be up to nation states to decide how much media influence an individual should be allowed. On the other hand, some in the media industry fear lax controls would not achieve the goal of harmonisation.

Channel 4 Television in the UK has told the Commission that "in view of the high standards of regulation on ownership already set in some national states ... it would be appropriate for a directive to set minimum (but adequate) transnational standards". The Commission is still considering how a "controller test" could be applied in practice. But it envisages its proposed rules reflecting experience at a national level and dovetailing with existing EU competition and company law.

The Commission is adamant that judging media ownership issues according to its two criteria would not go beyond what is necessary to create a single market.

But the balance will be hard to get right. Further consultations will follow the publication of the Commission's proposals next month. It will then be up to member states to decide whether to proceed with a new European directive.

Submissions sent to the Commission during its first consultative exercise give some flavour of the arguments for and against new EU rules – and the lobbying will only intensify. "We think that, because of political pressure from the European Parliament, this measure could end up being very restrictive. We don't think the Commission can deliver," warns one media company executive.

Small wonder the Commission is treading gingerly. As one official puts it: "This is a very emotional issue. We know what we want, but we know that in this area, perhaps more than any other, we have to find a consensus first."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Commercial power of Tory conference

From Mr Tim Collins.

Sir, I was amused by the Labour Party's claims in your story "Companies queue to appear at Labour's show" (August 8) that it has the largest commercial exhibition of any political party in Europe.

This is, needless to say, another wholly unreliable socialist statistic. We expect to raise well above three quarters of a million pounds in commercial income at our conference, the organisation of which has been contracted out to CCO Conferences, compared to Labour's claim of £600,000 for its conference.

Our exhibition is, as usual, completely sold out and has a steadily growing waiting list. This is despite the fact that we charge significantly more stand for stand than Labour. Many companies have told us that they would exhibit at the Labour conference solely for reasons of balance – and only if they could secure a space at ours first.

British companies continue to recognise that their commercial interest will only be served by the continuation in office of the Conservative party – the only party committed to deregulation and low personal and corporate taxation, and the only party opposed to socialist idiocies such as a minimum wage and the Social Chapter.

Tim Collins,
director of communications,
Conservative Party,
chairman, CCO Conferences,
32 Smith Square,
London SW1P 3HH

Not a very reliable defence

From Dr Cyril Sanger.

Sir, The hidden meaning of the seemingly absurd cautions (Observer: "Ear we go again", August 4; "Wet one", August 3) frequently seen in the US is: "If you injure yourself by sticking this screwdriver in your ear (or trying to hang yourself with this roller tower) you can't sue me, because I warned you"! Needless to say, this does not stop the lawsuits.

Cyril Sanger,
317 Lydecker Street,
Englewood,
New Jersey 07631,
US

Crest equity settlement project on target

From Mr J R E Footman.

Sir, I am disappointed by your newspaper's coverage of the Crest equity settlement project. Thus far, the Crest team has missed no deadline, made no change to its timetable for implementation, and has kept to its original budget projection. And yet the headline on August 4 said "Further delays hit Crest system".

As the Bank has stated many times Crest is not operationally dependent upon a move to rolling settlement on a T+5 basis. The fact that the Stock Exchange will take no decision on the date of T+5 until October has been in the public domain for months. It has no bearing on the Crest timetable.

The Crest project has been on time and on budget since the design phase started in August last year. Nothing has changed that picture.

J R E Footman,
head of the information division,
Bank of England,
Threadneedle Street,
London
EC2R 8AH

Ukraine must have assistance

From Ms Christine Batruch.

Sir, Congratulations for the objective and comprehensive analysis by Jill Barshay of the situation in Ukraine since Leonid Kuchma's accession to the presidency ("'Twere well it were done quickly, August 2).

I agree with her that one is likely to see rapid moves towards economic reform in Ukraine. However, unlike Barshay, who sees the parliament of Ukraine as the main obstacle to economic reform, I feel it is a case of shared responsibility with western powers. Indeed, the west has been promising economic assistance to Ukraine since independence, yet has not delivered. Should the G7 not release fairly quickly a portion of the promised $4bn, the pro-Russian tendency might be strengthened. This could spell disaster, not only for Ukraine's independence, but for the west's interest in keeping a proper balance of power in the area.

Christine Batruch,
B & H Consultants,
16 ch. des Etournelis,
CH-1255-Geneva, Switzerland

Unfair to suggest Abiola should join Nigerian government

From Alhaji Abubakar Alhaji.

Sir, My attention has been drawn to the editorial comment "Time to help Nigeria" (August 3).

I have to thank the Financial Times for showing keen interest in Nigeria's economic and political affairs. However, its judgment on political issues has to be viewed against the background that it specialises in economic and financial matters. It is in this light that I am interpreting your suggestion for a coalition government in Nigeria at this moment to be headed by Chief M.K.O. Abiola for a period of two years as no more than a simplistic Solomon-type of judgment. The fact of the matter is that the present government in Nigeria has articulated a political programme which Nigeria as a nation has accepted and is now being actively implemented.

The first phase of the programme was the election and inauguration of the constitutional conference to draw up a political agenda, including a timetable for holding elections at all levels of our political system with a view to returning the country to a truly democratically elected government.

The conference was inaugurated on schedule on June 27. During the inauguration speech the head of state, the commander-in-chief of the armed forces, elaborated his administration's thinking on the current political developments in Nigeria, including the assurance that his government will not unduly interfere with the recommendations of the constitutional conference. He reiterated that the ban on political activities in the country will be lifted in the first quarter of 1995, when the political agenda, as recommended by the constitutional conference and approved by the provisional ruling council, will begin to take effect.

Given this national consensus, it is unfair, to say the least, for your paper to suggest that a person currently charged with treason against the state should be called upon to become a head of another interim government for any period of time.

As far as the vast majority of Nigerians are concerned, the question of Chief Abiola, June 12 and what have you is now a matter of history. As for Chief Abiola, the possibility or otherwise of his contesting any future elections will depend on the outcome of the ongoing judicial process.

Let me emphasise that Nigeria now has a political programme that it believes in and which it intends to implement. We are aware that attempts are being made by some organisations in and outside the country, using the most undemocratic means including arson, intimidation, kidnapping etc, to derail the political programme and to destabilise the nation.

It is in the light of the foregoing that the Nigerian government and people will remain eternally grateful to the British government, and in particular the Foreign and Commonwealth Office, for their understanding and support during the crisis and for the ongoing political programme.

Finally, I would like to use this opportunity to call on all peoples of goodwill to support the government and people of Nigeria so as to ensure that the ongoing constitutional conference finishes its work peacefully and the country is returned to a democracy within the shortest possible time.

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FINANCIAL TIMES

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Wednesday August 10 1994

One country, two states

Last Sunday's agreement between China and Taiwan was in itself a limited affair, confined [illegible] mundane issues [illegible] which the two governments have an [illegible] common interest. Yet one of [illegible] issues – the repatriation of airline hijackers and illegal immigrants – is of considerable emotional and ideological significance. Not so long ago any migrant who reached Taiwan from mainland China, by whatever method, would have been welcomed as a refugee from communism, following in the footsteps of the Chinese nationalist government which fled to Taiwan in 1949.

That the two governments are now able to agree on such an issue, or indeed on [illegible] tive political issue, marks an important change – as does the fact that the agreement was negotiated in Taiwan by a senior Chinese official, Tang Shubei. Inevitably, the breakthrough has fuelled speculation that the two sides might be moving towards reunification, which both still claim as their ultimate goal. The difference between them is ideological rather than ethnic or national, so if ideological differences can be overcome reunification seems a logical end result. The example of Germany, where reunification came about through the fall of communism and the triumph of democracy, should be encouraging from Taiwan's point of view.

Taiwanese wary

Yes, but the example of Vietnam, where reunification came through the triumph of communism, is closer in space if further off in time; and in China's case the disparity in size is so much in the [illegible] favour that [illegible] are understandably wary. A vocal minority of them, represented by the Democratic Progressive Party, favours independence for the island. President Lee Teng-hui, himself born in Taiwan, is believed privately to share their views.

Certainly that seems the only logical interpretation of his vigorous campaign for UN membership. The UN is an organisation of sovereign states, in which China's seat has been occupied by the Beijing regime since 1972. Mr Lee is not seeking to reclaim that seat but to win separate membership for his own state, which amounts to a claim of separate sovereignty.

His campaign has no chance of success so long as Beijing opposes it. The majority of UN members, including the other four permanent members [illegible] the Security Council, [illegible] long [illegible] that mainland China is too important – geopolitically and now economically as well – for its government's wishes on such a sensitive point to be ignored. But that has not stopped Taiwan, as an emerging economic power, from playing a major role in the regional and global economy. It is a founder member of the Asian Development Bank, and is now negotiating to join the General Agreement on Tariffs and Trade. It would be good if a way could be found for it to participate, with or without full membership, in the World Bank and the International Monetary Fund as well.

Options open

While the Taiwan business community [illegible] increasingly [illegible] closer ties with the mainland (having already [illegible] a grand scale), more than [illegible] per cent of the population favours neither reunification nor independence. Indeed, it makes good sense for Taiwan to keep its options open as far as possible, while observing how China develops. In responding to any pressure for reunification from the Chinese side, Taiwan is entitled to expect international support in insisting that this can happen only if and when its people so decide. As a first step, China should unequivocally eliminate any threat to seek unity by force.

In making their judgement, the Taiwanese will rightly reject any suggestion that they should adapt to communism, and will look instead for evidence that China is adapting to the system which has made Taiwan such an outstanding success. On the economic side the signs are encouraging; but in terms of political democracy the mainland has not yet begun to follow the path boldly charted by Mr Lee since he came to power in 1988. Taiwan will watch with particular interest to see how Hong Kong fares when sovereignty there reverts to China, under the principle of "one country, two systems", in 1997.

Balancing the scales

This year's skirmishes in the Bay of Biscay are the latest reminder that the world has too many fishermen chasing ever fewer fish. Intimidating the competition is no solution. But neither is a policy regime which feeds the pressure it purports to regulate.

Faced with what they considered to be slipshod enforcement of the European Union's existing net-size restrictions, Spanish fishermen last week took matters into their own hands. Although the Spaniards' tactics cannot be condoned, member governments are correctly concluding that they must tighten their enforcement of the rules, if others are not to take the same route. What they are reluctant to consider is fundamental changes to the rules themselves.

A larger, more vigilant force of inspectors may calm the waters for the time being. But the Spanish will still feel aggrieved at the sight of British, French and Irish boats using drift-nets to catch tuna, while the native fleet boasts only old-fashioned rods and lines. Spain has long argued, with the European Commission's support, for an all-out ban on drift-nets. The UK successfully resisted this in the spring, but will have to face the issue again when the Commission discusses it in the autumn.

For those wishing to avoid a repeat of this week's on-board disputes about the size of particular nets, an outright ban has a clear appeal. But, as yesterday's House of Lords committee report points out, the environmental case against such nets is not clear-cut. In fact, the Commission's support for the ban has all the hallmarks of a band-aid solution. A policy of prohibition would be easier to [illegible] certainly, but it would not [illegible] the underlying problem.

Net technology

In the [illegible] a ban, [illegible] of drift-nets would understandably feel [illegible] they [illegible] being penalised for reacting rationally to the incentives provided by the current regime. Permitted to catch fewer and fewer of the white fish closer to home, they have diversified towards tuna, for which there is no quota, using the latest net technology to catch as many as possible. For all their complaints, the Spanish have done much the same. What they lack in technology they make up in numbers, with 17,000 vessels, a third of Europe's entire fishing fleet. In both cases, it is the incentives to fish which must be changed, not merely the way fish are caught.

Europe currently has 40 per cent more boats than it needs to catch a sustainable number of fish, because governments have not yet found a way to make fish as valuable to fishermen alive as dead. Owing to that worldwide failure, the UN estimates that more than half of all of the world's major fisheries are in decline. All have reached, or exceeded, the maximum safe yearly catch.

Fishing communities

A sustainable world fishing industry would be a much smaller one. European and other governments are politically, and morally, committed to helping fishing communities adjust. Yet they are also obliged to ensure that the industry does not first extinguish the world's fish population. As currently pursued, the two strands of policy are at odds. By and large, fishermen are being subsidised to fish themselves out of a job. This must stop. The focus of subsidies should be on inducing exit from the industry, not on helping to shore up the dwindling revenue that the industry provides.

Yet even a more vigorous effort to reduce the industry's size will take considerable time. And a smaller industry will tend to overfish existing stocks if the fishermen who remain are not given a stake in doing otherwise. Ideally, [illegible]ting members of the industry should be awarded individually tradable rights to a certain percentage of the allowed catch. Each fisherman would then have to decide whether it makes sense to sell these to someone else, or pay an additional licence fee to take up those rights.

Experiments along these lines in New Zealand and Iceland have shown that a determined government can overcome the numerous obstacles involved. Even so, without international agreement on reducing the size of the world's fishing fleet, a country or even a region can only go so far in preserving tomorrow's fish supplies. What is needed is a global framework. Next week's UN convention on the subject ought to provide a start.

China's aerospace industry offers a lucrative target to western airlines, write **Paul Betts** and **Tony Walker**

Flying high with the dragon

The signing of an aircraft manufacturing deal this week between China and Boeing marks a further significant penetration by the west's aerospace industry into China's rapidly expanding civil aviation business.

Like [illegible] competitors, Boeing [illegible] that in signing [illegible] biggest manufacturing agreement with China, involving Chinese production of a fuselage section of the US manufacturer's popular 737 twin engine airliner, it is playing for high stakes. There is big money for western manufacturers and airlines in what has become the world's third-largest aviation market after [illegible] and Japan.

For China, the stakes are equally high. Boeing's increasing involvement in the country's aviation sector, together with other international airlines and manufacturers, should improve air safety after an era in which standards have been sacrificed for rapid growth. Since the Beijing government sanctioned the development of regional airlines in the 1980s, a combination of lax regulation and heady expansion has led to an alarming number of fatal air crashes.

"What we are seeing is an industry trying to do it all at once," said Mr Tom Gallagher, a senior vice-president of the US Chase Manhattan bank. The Chinese are trying to set up airlines, build airports, buy aircraft, train pilots, and develop maintenance capability and a safe and unified air traffic control system, while air traffic grows by more than 20 per cent a year.

"This adds up to a most daunting task. Will China be able to pull it off?" Mr Gallagher asked recently.

Some 500 people have died in air crashes in China since 1992. The accident in June involving a China Northwest Airlines Russian-built Tupolev TU-154, killing 160 people, again focused attention on what the Chinese civil aviation authorities had warned were inadequate airline safety standards.

Only a few days before the China Northwest crash near the historic city of Xian – the worst in the country's history – the new head of the Civil Aviation Administration of China launched an air safety drive, after revealing that "several tens" of near-accidents [illegible] occurred this [illegible], including aircraft going off runways and engines "stopping in mid-air".

"The Chinese have realised they [illegible] a bit thin to ensure safety standards and they have decided to curb growth a little to ensure [illegible] safety," [illegible] Mr Pierre Jeanniot, director-general of the International Air Transport Association (IATA), the trade [illegible] grouping 224 airlines which China joined [illegible] year.

The [illegible] drawn [illegible] China's air [illegible] record by the Xian crash is expected to hasten a process already under way. Chinese airlines are seeking closer ties with foreign carriers to help them upgrade safety and cabin service, as well as securing greater co-operation between China and western aircraft manufacturers.

China recently announced it was opening its aviation sector, including airlines, airport terminals, maintenance and catering facilities, to foreign involvement, with a 35 per cent ceiling on foreign investment. While representatives of foreign carriers are scouring the country looking for joint ventures, establishing partnerships will not be easy given the gap between business cultures and operating procedures.

In spite of the difficulties, several foreign carriers are lining up to do [illegible] in China:

● [illegible] Airways [illegible] a group of large international airlines stepping up efforts to participate in the modernisation and expansion of the Chinese airline market. "We feel [illegible] are [illegible] long-term opportunities in China," [illegible] Mr David Holmes, BA's director of government and international affairs.

BA is already co-operating with China Southern, the Guangzhou-based carrier and one of the eight largest Chinese airlines operating western aircraft. BA has formed a joint engineering venture with China Southern and has recently sold the airline computer services. It is also talking with Shanghai-based China Eastern Airlines about pilot training, engineering and computer reservation systems.

Although BA is not pushing at this stage to take a stake in one or more Chinese airlines, its longer-term ambition is to negotiate a marketing agreement with a large Chinese carrier to co-ordinate services at Beijing airport.

● Qantas, the Australian carrier in which BA has acquired a 25 per cent stake, is targeting smaller regional carriers and has been in discussion with airlines in Shenzhen, Shanghai and Yunan, but officials stress these are only preliminary talks.

● [illegible] Germany [illegible] among [illegible] big international [illegible] to invest in China. [illegible] joint venture with Air [illegible] airport called Ameco (the [illegible] Maintenance and Engineering Corporation) employs nearly 4,000 people. Also in Beijing, the German carrier recently inaugurated an aeronautical apprentice training centre; it has also opened an office, shopping and hotel complex in the Chinese capital.

● [illegible] US Lockheed [illegible] and Hutchison China Trade Holdings are involved in an aircraft maintenance venture with China Southern in the south of the country.

● Singapore Airlines (SIA), Cathay Pacific and Japan Airlines have invested in a maintenance facility [illegible] Airlines, [illegible] Shanghai.

"China is one of the three major growth areas we have targeted for the next decade, together with India and Vietnam," said Dr Cheong Choong Kong, SIA's managing director. SIA, one of the world's consistently profitable airlines, has been approached by several Chinese carriers and has already provided technical co-operation to Chinese regional airlines for the past five years.

It has recently taken a 40 per cent stake in Beijing airport's [illegible] handling [illegible] and another 40 per cent stake in [illegible] airport's in-flight kitchen company providing meals for airlines operating in and out of the capital.

These initiatives will almost certainly be just the beginning of more extensive links between Chinese carriers and foreign airlines and service organisations. "Most of China's airlines are looking for assistance in a number of important areas such as pilot training, engineering and maintenance, and ground and cabin service training," explained the Beijing representative of a large European carrier.

China's increasing preoccupation with safety and improving industry standards is also expected to con[illegible] encouraging Chinese carriers [illegible] buy modern [illegible].

Recent [illegible] China will experience explosive growth in demand [illegible] aircraft, with one forecast predicting a fivefold increase to the year 2010 in the country's current commercial aircraft fleet of about 350 airliners. According to Chase Manhattan, China's requirements in the next 15 years might exceed 1,200 new aircraft worth \$90bn. This is far more than previous [illegible] by, [illegible] others, Boeing, which predicts demand [illegible] 800 [illegible] worth [illegible] and [illegible] European Airbus consortium, which expects China to buy 620 aircraft between now and 2011 to replace older, largely Soviet-built [illegible] and provide capacity for growth.

Chase's forecast is based on passenger growth of 20 per cent annually until 1998, dropping to 15 per cent a year to 2004 and then to [illegible] per cent a year in the six years to 2010. However, after surging 33 per cent in 1992, passenger growth slowed to less than 20 per cent last year, in part reflecting the credit squeeze instituted by the Chinese authorities last July.

Even if Chase's assessment proves to be wildly optimistic, there is no doubt that the Chinese market will continue to be the world aviation industry's biggest prize for the foreseeable future. In 1974, the country's civil aviation fleet had just 12 aircraft. Last year alone, Boeing delivered [illegible] airliners to [illegible] or 14 per cent of its 1993 production totalling [illegible]. China will take delivery [illegible] 36 [illegible]tional [illegible] this year, which again will account for 14 per cent of Boeing's total [illegible] airliners [illegible].

Boeing staff also provide support for Boeing aircraft in 13 cities throughout China. The US manufacturer trained more than 800 pilots and maintenance engineers from China last year, is advising the Chinese authorities on air traffic control systems and procedures, and since 1980 has bought parts made in China for its aircraft programmes.

Boeing's European rival, Airbus, clinched orders worth about \$1.2bn last year and now has three Chinese airlines operating [illegible] equipment, including China [illegible] in Shanghai, China Northwest in Xian and China Northern in Shenyang. In addition, two Chinese manufacturers – [illegible] Shenyang Aircraft Corporation and the Xian Aircraft Company – make parts for Airbus aircraft.

McDonnell Douglas, the other US airliner manufacturer, has also sought [illegible] build [illegible] with China through joint production of MD-82 twin-engine, [illegible] airliners with the Shanghai Aviation Industrial Corporation.

China's market is not only proving a bonanza [illegible] aircraft manufacturers, but for suppliers of a whole [illegible] aviation equipment. Rolls-Royce, for example, is supplying 42 of [illegible] powerplants for Boeing 757s bought by Chinese airlines, and says it is confident of winning further orders.

But China's current policy of buying or leasing new or virtually [illegible] equipment is proving expensive, especially when considering the [illegible] utilisation [illegible] of modern western aircraft by Chinese airlines. The Chase study shows that average aircraft [illegible] in China remains low, rising from only 4.7 hours a day in 1990 [illegible] hours in 1992. This [illegible] with 11 hours for SIA, [illegible] Cathay [illegible] and [illegible] hours for Korean Airlines.

S[illegible] low aircraft utilisation rate [illegible] largely [illegible] of [illegible] country's inadequate infrastructure, notably [illegible] traffic control, the number and condition [illegible] airports, airspace limitations and the [illegible] trained ground [illegible] flight personnel. It should eventually improve if China [illegible] with ambitious plans [illegible] 50 airports during [illegible] 10 years, [illegible] build [illegible] 90 airports [illegible] bring [illegible] total to about 200 [illegible] the end of the decade. At present, there are 109 airports in operation, of which only 40 have instrument-landing [illegible] and only 12 [illegible] handle [illegible] jumbo [illegible].

The [illegible] operating new [illegible] western-built aircraft will [illegible] inevitably increase, [illegible] maintenance holiday [illegible] comes with a young fleet gradually disappears. In turn, this will put [illegible] on building new maintenance facilities and training personnel. For [illegible], Chase recommends that Chinese airlines [illegible], in [illegible] short term [illegible], buying [illegible] used western aircraft.

The high cost of modernising and expanding its aviation industry has prompted China and its airlines to seek overseas capital. Shanghai-based China Eastern and Guangzhou-based China Southern are among 22 Chinese companies selected for stock market listing abroad. Xian Aircraft manufacturing, China's [illegible], is [illegible] one of [illegible] chosen 22.

China Southern is said by [illegible] industry [illegible] to [illegible] advanced [illegible] in preparation for a New York [illegible] Exchange listing, but [illegible] reports [illegible] China Eastern [illegible] be allowed to [illegible] first. Goldman [illegible] and Morgan Stanley, the Wall [illegible] investment banks, have [illegible] advising China [illegible] and China Eastern respectively in what [illegible] certain [illegible] be high-profile listings.

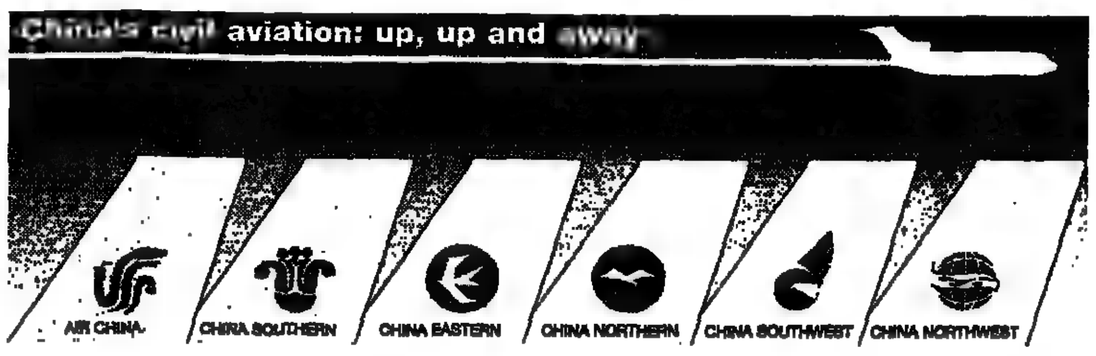
While China's [illegible] air safety [illegible] may deter some investors, Hong [illegible] market experts [illegible] unlikely to [illegible] significant impact on [illegible] price.

"The industry's centre of gravity is moving east and a lot of future growth will come from China," says IATA director-general Mr Jeanniot. But he also warns that the dilemma facing Chinese civil aviation is that, with annual growth rates of 20 to 30 [illegible] cent, "you simply [illegible] acquire experience that rapidly".

[illegible] provide [illegible] solution [illegible] funding problems. [illegible] it [illegible] air safety [illegible]. As Mr Jeanniot emphasises: "[illegible] you will [illegible] privatise [illegible] corporatise [illegible] safety [illegible]."

Chinese airlines are seeking closer ties with foreign carriers to help them upgrade safety and cabin service

The country's current policy of buying or leasing new or virtually new equipment is proving expensive



	1993	Increase over 1992
Total traffic (ATKm*)		
Domestic	3126.2	20.0%
International	1587.1	17.6%
Regional	404.9	[illegible]
Total	[illegible]	19.5%
Passenger traffic (m)		
Domestic	28.1	17.2%
International	2.3	15.8%
Regional	[illegible]	18.2%
Total	33.8	17.2%
Cargo and [illegible] (tonnes)**		
Domestic	441.9	[illegible]
International	167.3	25.1%
Regional	[illegible]	18.0%
Total	893.9	[illegible]

	Headquarters	[illegible]	[illegible]	Traffic growth over 1991
Air China	Beijing	36	30	18.7%
China Southern	[illegible]	48	10	[illegible]
[illegible]	Shanghai	26	13	[illegible]
[illegible]	[illegible]	34	[illegible]	[illegible]
China Southwest	[illegible]	26	3	[illegible]
[illegible] Northwest	Xian	32	0	[illegible]

*Capacity offered expressed as aircraft payload multiplied by kilometres flown
**figures include passenger luggage

Source (left): Civil Aviation Authority of China   Source (right): Newsdesk Company

OBSERVER

Shareholders' banker

■ If there is such a thing as a popular banker, then Sir Eric Faulkner, the former chairman of Lloyds Bank who has just died, fitted the bill.

He spent over 30 years at Glyn, Mills & Co, a small bank where a disproportionate number of City bankers cut their teeth. Sir Jeremy Morse, Sir Richard Lloyd, Alan Moore, Alex Ritchie, John Sclater and John Butterwick are just a few of the figures who learnt their trade under Sir Eric.

He would probably have stayed at Glyn, Mills but for a quirk of fate. Sir Reginald Verdon-Smith, chairman of the Bristol Aeroplane Company, had been lined up to take over from Sir Harald Peake as chairman of Lloyds in 1969.

But Sir Reginald withdrew after a Public Accounts Committee report criticised the excess profits made by Bristol Siddeley Engines on official contracts.

Meanwhile, Glyn, Mills was on the point of merging with the National Bank and William Deacon's, and Faulkner probably realised that he was not going to get the top job in a group dominated by the Royal Bank of Scotland.

One can only wonder what would have happened if he had taken charge of the Royal Bank of Scotland rather than a rudderless Lloyds Bank which had just been refused permission to merge with Barclays and Martins Bank.

The Royal Bank drifted for more than a decade until it became an obvious takeover target. By contrast Lloyds Bank, the smallest of the big four, set off to become a successful international bank. When the secondary banking crisis struck in the early 1970s, it was Faulkner, as chairman of [illegible] Committee of London Clearing Bankers, who helped organise the various bank rescues.

If only the City had bred more bankers in Sir Eric's mould then the high-street banks might not have had to tap their shareholders for so much money to shore up their balance sheets in the 1970s and 1980s.

Ridickulous

■ Out of sight out of mind, so to speak. Four months after the passing of Richard Nixon, the 20th anniversary of his Watergate-induced resignation merited not one line in the Washington Post, the newspaper whose reporting, more than any other, contributed to his dramatic downfall.

Careful scrutiny even of the classified advertisements revealed not a single job opening for plumbers at the White House or the Watergate complex.

In fact the only anniversary recognised by the Post at all was a helpful article on who did *not* go to the Woodstock rock festival, which took place 25 years ago this weekend – and it failed to include Nixon in the list [illegible] those who were otherwise engaged.

'These girls on page three keep urging me to vote Labour'

Fatal din

■ Bet this angle hasn't occurred to The Hecklers, a band of musical terrorists on the rampage in Britain trying to discourage the "[illegible] sewage" of *avant garde* music. But perhaps the death in Copenhagen of a female okapi over the weekend was not in vain.

This giraffe-like African beastie has just keeled over, stressed out by the sounds of opera singers practising the – relatively tuneful – Wagner opera *Tannhäuser*. Its male companion and the calf were less affected and are still alive to tell the tale. But just think what a blast of late 20th century music might have done to the rest of the family.

Discerning dead

■ Merchant [illegible] verbal pirouettes on their clients' behalf do [illegible] always stand up [illegible] scrutiny. [illegible] Corporation International's agreed bid [illegible] Great Southern. Schroders had drafted the usual spiel for the statement by Great Southern chairman James Smillie, which went on about the offer being "in the best interests of shareholders, employees and customers".

Since Great Southern is in the burial business, its customers are rarely in a position to appreciate the niceties of the undertaker's performance. The exalted claim was excised in the nick of time.

Ryrie rules

■ So the City of London has a soul after all – though it is perhaps something of a pity that it takes a disaster of Rwandan proportions to stir it.

An extremely pukka collection of financiers have appended their names to the City of London Emergency Rwanda Appeal (COLERA), launched yesterday and chaired by Sir William Ryrie, former boss of the IFC, the private sector arm of the World Bank.

The target is to pull in £1m over the next fortnight. "City people are not always what they seem," says Ryrie, who has mostly found himself pushing on an open door. Fully alive to the criticisms of aid donations not reaching their targets, Ryrie has asked for progress reports from the charities concerned which, he adds, will be a "good discipline" for them, too.

Cheques, please, payable to COLERA (Rwanda)/DEC, and addressed to Disasters Emergency Committee, 17 Grove Lane, London SE5 8RD.

Grave news

■ Picking the right epitaph is likely to become even more tricky now that a Church of England court has upheld a decision by a Blackburn vicar to ban the use of words such as Dad and Mum on gravestones. There has already been a spirited correspondence on the subject in the Daily Telegraph.

Clearly, the vicar would not have allowed the gravestone in Tombstone, Arizona: "Here lies Lester Moore, four slugs from an A 44, no Lez, no Moore". Nor would he have countenanced Observer's favourite epitaph concerning the famous head waiter – "God finally caught his eye."

FINANCIAL TIMES
Wednesday August 10 1994

Caracas strives to avert panic over financial crisis

Venezuela moves to prop up eight troubled banks

By Joseph Mann in Caracas

The Venezuelan government [illegible] taking steps [illegible] salvage eight troubled banks, including three [illegible] the country's largest, [illegible] the banking [illegible] that erupted in January continues [illegible] its toll on the financial system.

[illegible] Monday, the government [illegible] control [illegible] Venezuela, the nation's second-largest bank, with deposits of [illegible] and a loan portfolio [illegible] $556m. Yesterday [illegible] monetary officials continued [illegible] on a plan to [illegible] financial institutions that have [illegible] hurt recently by runs on their deposits, high levels [illegible] non-performing [illegible] problems.

Banco [illegible] Venezuela, which [illegible] founded 104 [illegible] formerly [illegible] of [illegible] country's most [illegible] banks, remained [illegible] after the government takeover and depositors generally remained calm. The other [illegible] large banks subject to the [illegible] government action [illegible] Banco Consolidado and [illegible] Progreso.

Under [illegible] outline [illegible] plan which emerged yesterday, banks that consistently [illegible] meet clearing house and reserve requirements will in [illegible] taken over by [illegible] appointed by the government.

The owners or major stockholders [illegible] institutions [illegible] to [illegible] capital, and [illegible] pledge their personal [illegible] to help [illegible] financial [illegible] obtained from [illegible] government and potential [illegible]. In [illegible], [illegible] of [illegible] will [illegible] directed [illegible] out [illegible] assets, [illegible], and [illegible] cut [illegible].

[illegible] in [illegible] of [illegible] de Venezuela, [illegible] under government control to remain [illegible] in [illegible] attempt [illegible] avoid the panic [illegible] occurred when a [illegible] of financial [illegible] their doors earlier this [illegible] in the [illegible] wave [illegible] banking crisis.

[illegible] sparked [illegible] the beginning of [illegible] Latino, then the country's second-largest bank, [illegible] by the government. Latino collapsed [illegible] mismanagement [illegible] in an [illegible] of inadequate banking supervision.

Its closure [illegible] through the financial system.

[illegible] Banco [illegible] Venezuela, [illegible] Consolidado [illegible] Progreso, [illegible] are reportedly the [illegible] of [illegible] ernment [illegible] Republica, [illegible] controlled by [illegible] owner of [illegible] Progreso, and [illegible].

EU ruling says soya drinks cannot be known as milk

By Alison Maitland in London

The term "soya milk" [illegible] longer be used in the UK because its dairy [illegible] "confusing", [illegible] European Union committee [illegible] decreed.

The ruling, [illegible] the grounds [illegible] anything sold [illegible] milk should be [illegible] dairy product, [illegible] in spite of the EU's [illegible] acceptance [illegible] products can be [illegible] crackers, butter [illegible] and lemon cheese, [illegible] they contain [illegible] cream, butter [illegible] cheese.

The Ministry of Agriculture announced ruefully yesterday that Britain [illegible] outvoted by 10 to one, with [illegible] – Ireland – [illegible] the EU's milk management committee.

Soya milk manufacturers, [illegible] sales amount [illegible] just £10m ($15.4m) [illegible] year compared with [illegible] £3.3bn liquid milk market, will [illegible] find a new name for their product, [illegible] Mr Michael Jack, junior agriculture [illegible].

[illegible] argued [illegible] term [illegible] the [illegible] Dairy Designation Regulations [illegible] it [illegible] a traditional, [illegible] name in [illegible] UK. [illegible] member states, apparently [illegible] by France, [illegible] Germany, thought otherwise.

Soya milk [illegible] a substitute for [illegible] tolerate dairy milk or prefer not to drink it. The Health Food Manufacturers' Association, angered by [illegible] decision, [illegible] the alternative "soya drink", [illegible] on the continent, [illegible] "nondescript."

"It is outrageous that [illegible] should be forced to apply [illegible] to us [illegible] a misleading description [illegible] product of great value [illegible] a minority," [illegible] Hanssen, president.

"Here [illegible] surely [illegible] case where subsidiarity [illegible] be applied [illegible] the manufacturers [illegible] product in [illegible] coconut milk producers, [illegible] of course a permitted designation."

The National Dairy Council questioned whether consumers [illegible] really confused by [illegible] milk. "We think [illegible] consumer [illegible] a bit brighter than that," [illegible] said.

However, [illegible] UK government [illegible] by [illegible] lawyers [illegible] legal proceedings begun by [illegible] European Commission for infringement of [illegible] dairy regulations would [illegible] against Britain if the case came [illegible] court.

Nuclear

Continued from Page 1

the licences [illegible] swiftly approved, given that the environmental objections [illegible] similar to those rejected yesterday, the plant could be in production within [illegible] years.

According [illegible] original contracts with Cogema in France, and [illegible] in Britain, the Siemens plant is supposed to receive [illegible] of plutonium reprocessed abroad up [illegible] 2002 which [illegible] be turned into 900 [illegible] of MOX fuel elements.

It [illegible] understood that [illegible] German electricity utilities who signed the original [illegible] now negotiating [illegible] have up [illegible] 300 tonnes of the MOX elements manufactured abroad, because of the delay in bringing Hanau on stream. The [illegible] plant would still [illegible] responsible [illegible] 600 tonnes.

Esab bid hits setback

Continued from [illegible] 1

Friday, our options include walking [illegible] remaining [illegible] with the acceptances we have."

Charter's bid [illegible] recommended by the Esab board and accepted by Incentive, the Wallenberg family's [illegible] that was previously Esab's controlling shareholder with [illegible] the voting capital.

Under [illegible] terms [illegible] the agreement with Incentive, Charter can withdraw if it does not receive [illegible] 90 [illegible] cent acceptances. The takeover of Esab, [illegible] of SKr7bn [illegible] billed [illegible] a successful conclusion [illegible] Charter's [illegible] for an international industrial "fourth leg" to [illegible] its three existing operations in building materials, coal and rail [illegible] equipment.

The [illegible] wanted complete control of Esab, which would more than double Charter in size. But opposition to the deal began to surface in Sweden shortly after the [illegible] was announced, despite Incentive's acceptance. [illegible] and white-collar [illegible] unions [illegible] – based, like Volvo, in Gothenburg – began a campaign against [illegible] takeover, arguing that Charter had [illegible] experience in welding equipment and was likely to [illegible] company's [illegible] management [illegible] and [illegible] production [illegible].

The unions have representation on the boards of some of the institutional shareholders. But [illegible] biggest factor in the rejection [illegible] a growing view that [illegible] Charter bid was significantly underpriced.

Senators unmask CIA's undercover building

By Jeremy Kahn [illegible] Washington

The Central Intelligence Agency, ever adept at the art of disguise, appears to have surpassed itself by concealing an entire office complex – duping the residents of suburban Washington, Congress, and perhaps even President Bill Clinton.

The undercover building, disguised as a corporate centre for Rockwell International, the Los Angeles-based defence contractor, was this week unmasked as the new headquarters of the secretive National Reconnaissance Office, which operates all US spy satellites and is run by the Pentagon and the CIA.

Mr James Woolsey, director of [illegible] CIA, will go before [illegible] ate intelligence committee [illegible] to explain to furious senators how details of the $310m complex – almost one fifth the [illegible] of the Pentagon – were slipped under their noses.

The committee wants to know why it was not informed about the cost, scope and even location of the four-building compound, being constructed on a 68-acre site at Chantilly, Virginia, 30 miles outside Washington.

President Clinton declassified the existence of the compound on Monday after prodding from angry senators, who discovered the project during a congressional audit of intelligence facilities. Dissatisfied with the information the Pentagon and CIA were providing them, the legislators requested a review of NRO financing and went public with their findings.

Mr Clinton himself may have been unaware of the project, now dubbed the "Stealth" building, according to Senator Dennis DeConcini, chairman of the intelligence committee. Mr DeConcini told Mr Clinton about the project last week. The intelligence community, Mr DeConcini said, "faced the question: how do you hide an elephant on a football field? That's what they did, and with great pride."

Rockwell was listed as the official purchaser of the site in 1990 and obtained special permits to build a high security fence around the facility.

A Rockwell spokeswoman said yesterday it was "constructing a facility in northern Virginia to support certain government contract facilities of our defence electronic businesses." Construction "was being performed by Collins International Service Corp, a Rockwell subsidiary. All details are classified," she said.

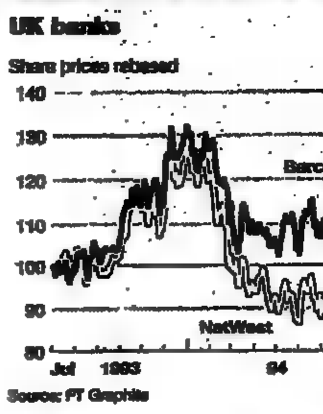
For Mr Woolsey, the emergence of the grandiose over-budget project, aimed at accommodating 3,000 NRO employees, is another embarrassment. He has been trying to rebuild the CIA's public image, badly tarnished recently by the Aldrich Ames spy case and critics' claims that the agency is obsolete.

THE LEX COLUMN

Barclays' happy return

FT-SE Index: 3168.6 (-3.3)

UK banks



Source: FT Graphite

Unlike other banks which blame the weakness of UK loan demand for their stagnant balance sheets, Barclays is making a virtue out of the £10bn first-half fall in its customer lending. The bank says this reflects deliberate adjustments to its loan portfolio to eliminate assets which are too risky for the returns they offer. After the ravages of the recession during which Barclays was far too heavily exposed to property and construction, this is perfectly sensible. Barclays is right to make a start even before its sophisticated new approach to credit assessment and loan pricing comes into force next year.

But weeding out the unwanted [illegible] job than adding new ones of the desired quality. For [illegible] Barclays [illegible] making [illegible] handsome return. Yet the bank admits [illegible] earnings [illegible] 20 [illegible] of shareholders' [illegible] nitely. Once the return slips [illegible] will need higher volume to maintain profit momentum. It cannot ignore the weakness at the operating level where profits fell by [illegible] per cent despite rigorous control over costs.

[illegible] by [illegible] Taylor, Barclays' [illegible] chief executive, will not be complete until he has shown that safe lending does not mean no lending. Few indeed are the bankers who manage consistently to lend money at rates which are both competitive [illegible]. Barclays might steal [illegible] march if it can refine its risk assessment to the point [illegible] judgment is sharper than that of other institutions. Even so its prospective growth does not appear to warrant [illegible] tier one capital ratio of 7 per cent. Rather than kowtow to the rating agencies, Barclays should consider using [illegible] earnings [illegible] pay some of its expensive preference share capital back. After all, it is easier to impose discipline on lending if capital is a scarce resource.

Commercial Union

While the details of Commercial Union's purchase of Groupe Victoire have barely changed since the deal was announced in June, there is nothing in yesterday's funding package to worry shareholders. Gearing of around 50 per cent looks comfortable, especially since UK insurance operations are close to their profitable peak. Although the deal will dilute earnings this year and next, investors looking for a decent long-term return might welcome the addition of debt to the funding mix. The low levels of gearing seen elsewhere in the sector may be too conservative to deliver a decent return on shareholders funds' once the UK insurance cycle turns down.

It is equally difficult to see the presence of Société Générale and Compagnie de Suez on the share register as anything but helpful for an insurer with serious ambitions in France. CU's asset mix will also stand out from the crowd once Victoire has been absorbed. The group's property portfolio will treble as a proportion of total assets to 16 per cent, among the highest in the sector. If CU has its timing right, investment gains on its large slice of residential Paris could more than make up for early dilution in terms of earnings.

Neither influential shareholders nor decent investment returns will help CU if Victoire does not perform as an insurance company. If Victoire delivers on its promise, though, the structure of the deal could prove to be the icing on the cake.

General Accident

Yesterday's interim figures from General Accident show just why Commercial Union has chosen the right time to expand overseas. After three years of rising premiums, the UK is turning in exceptional underwriting profits. But the handsome returns on equity now being enjoyed by the composite insurers are unsustainable. While the [illegible] per cent fall in GA's shares yesterday partly reflected disappointment over the group's investment performance, shareholders may also [illegible] impetus for growth will come from.

With underwriting losses outside the UK amounting to £51m in the second quarter, there is clearly further room for self-help. An improvement [illegible] the [illegible] of GA's London market operations, lower reinsurance costs and better luck with the weather would all help. Yet modest gains could easily [illegible] eroded [illegible] the UK cycle [illegible] to slip back. Without an upturn in the US underwriting cycle it is difficult [illegible] see the North American businesses – which account for 44 per cent of premium income – delivering spectacularly [illegible]. Having paid [illegible] debt [illegible] on for the disastrous purchase of NZI Corporation [illegible], GA might [illegible] deep breath [illegible] looking for acquisitions [illegible].

PolyGram

Forget Four Weddings [illegible] Funeral. The real story [illegible] PolyGram's film business in the first half was Four Flops and [illegible] Hit. The cost of [illegible] turkeys almost swamped [illegible] profits from Four Weddings, [illegible] low-budget British comedy that [illegible] already grossed [illegible], and [illegible] only [illegible] modest [illegible] in [illegible] from its non-music interests. By not breaking [illegible] the numbers PolyGram allowed some analysts to assume that profits from the core [illegible] actually fell. Although this notion was quickly scotched, the [illegible] per cent rise in group earnings per share was pedestrian by PolyGram's standards. To [illegible] fair, income was depressed by other start-up [illegible] the rights [illegible] funded acquisition [illegible] Motown diluted earnings.

All [illegible] companies are becoming more weighted towards the second half and, [illegible] quiet first half, PolyGram has [illegible] strong [illegible] schedule [illegible] up. [illegible] no guarantee they [illegible] all [illegible], though al [illegible] the performance of [illegible] tends to be more predictable than films. The response to Four Weddings only underlines how difficult these are to judge and chairman Mr Alain Lévy insists the success has not gone to the corporate [illegible].

The [illegible] one [illegible] from the film is topping [illegible] UK charts shows [illegible] is value combining music and movies under one roof even if, like Mr Lévy, one does not buy all the multimedia hype. While he is coming round to the idea that movie-makers may need to have interests in television broadcasters, shareholders should not be too alarmed. He is not one to throw money around in a hurry.

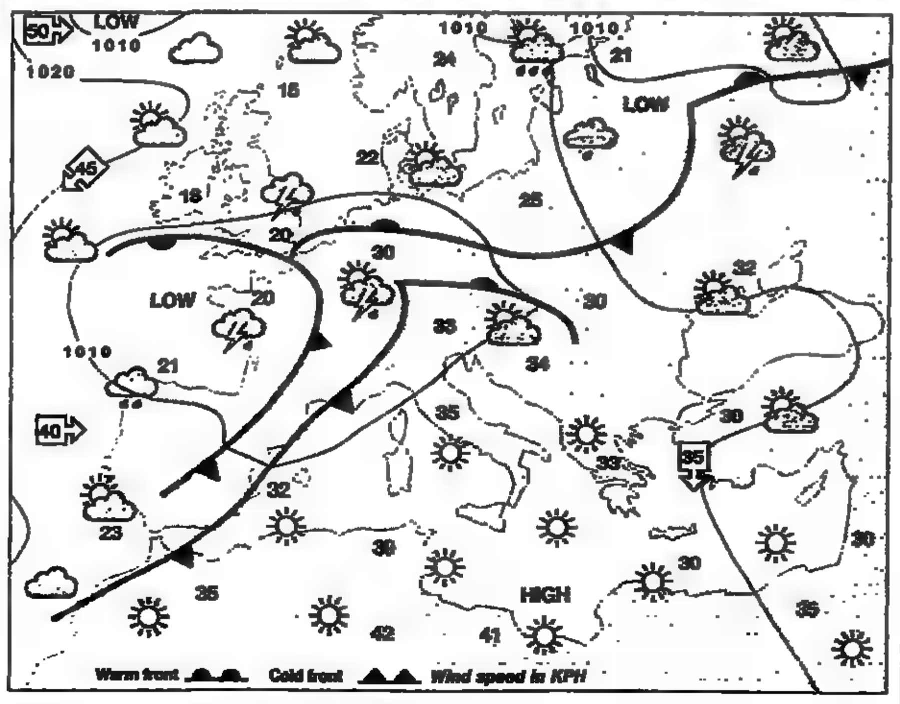
FT WEATHER GUIDE

Europe today

A cold [illegible] moving [illegible] France will [illegible] bring [illegible] from the [illegible]. Along and [illegible] north [illegible] the cold front [illegible] thunder [illegible] will erupt [illegible] a [illegible] hail [illegible] strong gusts. Italy, [illegible] former Yugoslavia, Hungary, [illegible] Czech Republic will again [illegible] temperatures in [illegible] 35C. Temperatures will [illegible] or [illegible] on the Iberian peninsula with frequent [illegible] in the north. However, [illegible] south [illegible] will [illegible] sunny and hot. [illegible] will [illegible] with plentiful sunshine. There will [illegible] in Finland and Lapland.

Five-day forecast

[illegible] air will [illegible] progress [illegible] the [illegible] with many thunder [illegible] in [illegible] Benelux and [illegible] Europe. [illegible] south and [illegible] will stay warm and dry. [illegible] surge [illegible] expected [illegible] across [illegible] North [illegible] bringing strong winds and heavy [illegible] Europe. The western half [illegible] the British [illegible] will escape most [illegible] but north-easterly breezes will keep temperatures cool.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	[illegible]	[illegible]
Accra	[illegible]	[illegible]
Algiers	sun	36
Amsterdam	thund	24
Athens	sun	33
Atlanta	fair	[illegible]
B. Aires	fair	[illegible]
B.ham	cloudy	21
Bangkok	rain	31
Barcelona	sun	28
[illegible]	shower	31
Belfast	fair	[illegible]
[illegible]	sun	[illegible]
Berlin	[illegible]	[illegible]
Bermuda	fair	32
Bogota	cloudy	19
Bombay	sun	30
Brussels	thund	24
Budapest	sun	33
C.hagen	fair	24
Cairo	sun	32
Cape Town	cloudy	14
[illegible]	fair	27
Cardiff	rain	20
Casablanca	fair	25
Chicago	rain	20
Cologne	thund	27
Dakar	cloudy	28
Dallas	sun	36
Delhi	fair	35
Dubai	sun	43
Dublin	windy	18
Dubrovnik	sun	33
Edinburgh	fair	18
Faro	fair	25
Frankfurt	fair	32
Geneva	shower	29
Gibraltar	sun	28
Glasgow	fair	20
Hamburg	fair	27
Helsinki	shower	21
Hong Kong	fair	29
Honolulu	fair	33
Istanbul	sun	31
Jakarta	cloudy	32
Jersey	shower	21
Karachi	shower	29
Kuwait	sun	45
L. Angeles	shower	26
Las Palmas	fair	27
Lima	sun	18
Lisbon	fair	26
London	thund	20
Lux.bourg	thund	26
Lyon	fair	30
Madeira	fair	24
Madrid	fair	25
Majorca	sun	30
Malta	sun	34
Manchester	fair	20
Manila	fair	31
Melbourne	fair	12
Mexico City	shower	20
Miami	thund	32
Milan	sun	32
Montreal	sun	22
Moscow	shower	23
Munich	fair	32
Nairobi	fair	22
Naples	sun	33
Nassau	thund	32
New York	fair	28
Nice	sun	30
Nicosia	sun	36
Oslo	sun	23
Paris	shower	26
Perth	cloudy	20
Prague	fair	29
Rangoon	rain	28
Reykjavik	fair	11
Rio	fair	24
Rome	sun	32
S. Frsco	fair	26
Seoul	rain	33
Singapore	shower	32
Stockholm	fair	24
Strasbourg	fair	31
Sydney	fair	14
Tangier	sun	26
Tel Aviv	sun	32
Tokyo	fair	32
Toronto	fair	22
Vancouver	sun	25
Venice	sun	34
Vienna	sun	32
Warsaw	fair	25
Washington	fair	26
Wellington	cloudy	12
Winnipeg	fair	21
Zurich	fair	26

مكتنا فن الاصل

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday August 10 1994

IN BRIEF

Ciba buys Iolab drug operations

Ciba, the Swiss chemical and pharmaceutical group, is buying for \$300m (£195m) the drug operations of Iolab, a division of US rival Johnson & Johnson that specialises in eye treatments. Page 14

Unchanged profits at German bank group
Strong growth in commission and interest income compensated for a slump in own-account earnings and helped Germany's BHF bank group maintain first-half operating profits unchanged [illegible] DM148m (\$94.2m). [illegible] 14

Degussa rises 54%
Strong earnings in all sectors pushed pre-tax profits at Degussa, the German metals and [illegible], up 54 per cent to DM186m (\$118.4m) in the first nine months. Page 14

The Equitable shares fall despite progress
The share price of The Equitable, the US insurer, fell yesterday in spite of a strong growth in second-quarter profits and continued progress in its life insurance activities. Page 15

ITD floats in Thailand
Italian-Thai Development (ITD), south-east Asia's largest construction contractor, was floated on the Thai stock exchange yesterday. Page [illegible]

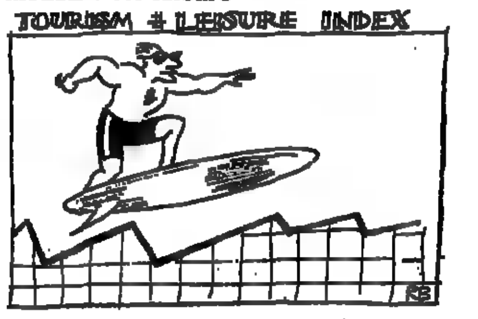
Market welcomes Holliday's rise
Shares in Holliday Chemical Holdings rose 18p to a post-flotation high of 250p after the UK industrial dyes and speciality chemicals company announced a 46 per cent increase in first-half profits. Page 18

Upton warns of Reject Shop losses
Shares in Upton & Southern Holdings fell 12p to 14p after the UK department store group warned about the trading position of The Reject Shop, its recently acquired furniture and household goods chain. Page 19

Short sighted
From the Edinburgh laboratory of VLSI Vision (VVL) come the smallest, cheapest and least power-hungry video cameras in the world – about the size of a box of matches. Page 19

Measure for leisure

TOURISM & LEISURE INDEX



The Australian Stock Exchange has unveiled a new "tourism and leisure" index. Back Page

Shanghai's A shares fall back
Shanghai's A share index fell [illegible] per cent in a powerful technical correction after the index gained 117.12 per cent in the previous [illegible] trading days. Back Page

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Degussa	513.5	+	[illegible]
Linotype	406.5	+	9.5
Falls			
Bay Vereín	[illegible]	–	[illegible]
[illegible]	330.5	–	[illegible]
Porsche	[illegible]	–	[illegible]
Sartorius	682.2	–	9.1

NEW YORK (\$)			
Rises			
Colgate-Palm	53½	+	1
IBM	64½	+	1
Network Systems	9	+	½
Texas Instr	81	+	1½
Falls			
Equitable	20¾	–	¾
Storage Tech	37¼	–	1¾

PARIS (FFr)			
Falls			
[illegible]	[illegible]	–	8
Canal Plus	936	–	14
[illegible]	157.7	–	3.8
Promodes	953	–	29
Synthelabo	208.1	–	8.4
UFB Locab	[illegible]	–	38.2

TOKYO (Yen)			
Rises			
Ando Corp	681	+	19
NTN	740	+	20
Falls			
Chiba Bk	915	–	30
Nip Yakin	551	–	17
Toyo Kanetsu	655	–	15
Yokohama Bk	910	–	24

New York prices at 12.30pm.

LONDON (Pence)			
Rises			
[illegible]	215	+	[illegible]
Cluff Res	52½	+	5½
Comm Union	563	+	11
Gt. Southern	755	+	45
Fyffes	105	+	[illegible]
Holliday Chem	250	+	13
Howard Hldgs.	28	+	3
Photo-Me	295	+	20
Virtuality	157	+	20
WPP	[illegible]	+	12
Waverley Mining	[illegible]	+	6
Falls			
BOC	[illegible]	–	10
Gen. Accident	590	–	13
[illegible]	459	–	9
Reckitt & Colman	[illegible]	–	9
Standard Chart.	275	–	5
Unilever	1083	–	18
Upton & South	14	–	12

Minorco backs \$405m fertiliser takeover

By Kenneth Gooding, Mining Correspondent

Minorco, [illegible] operating arm [illegible] Anglo American-De Beers [illegible], is backing a \$405m acquisition by its Terra Industries subsidiary which will make Terra one of the largest producers of nitrogen fertiliser in North America.

Terra is to buy Agricultural Minerals and Chemicals from its shareholders, which include Morgan Stanley Leveraged Equity Fund.

To finance the acquisition, Terra, which is quoted in New York, plans to use about \$50m of its own and AMC's cash, issue \$100m of new common stock and secure \$250m debt.

Minorco has given Terra an option to sell it about 13.3m shares at \$7.50 each and this private placement [illegible] Luxembourg-based Minorco's ownership of Terra from 53 to 60.5 per cent.

Citibank will provide all the debt financing.

Terra, which produced net income [illegible] \$22.8m on [illegible] \$1.2bn [illegible], is [illegible] Minorco's [illegible] since it was split from Independence Mining, another Minorco offshoot, in 1991 to concentrate on agribusiness.

[illegible] said yesterday that the AMC acquisition [illegible] Terra's and [illegible] operating earnings at a time when many [illegible] Minorco's other big projects were in the development stage [illegible] consuming, rather than generating, cash.

AMC's balance sheet included \$216.8m of long-term debt at June [illegible] it expects [illegible] have [illegible] net working capital when the [illegible] closed [illegible] end [illegible] October.

AMC reported net income [illegible] \$26.8m for the six months to June 30 on revenues [illegible].

If the deal had been completed at the begining of [illegible], Terra's [illegible] for the half-year in June 30 would have been 63 cents a [illegible] compared with 55 [illegible] without the acquisition.

[illegible] nitrogen manufacturing plants – in [illegible] and Oklahoma – will double Terra's nitrogen fertiliser production capacity. This will give Terra [illegible] opportunity [illegible] reduce by 10 per cent [illegible] outside purchases of nitrogen [illegible] for resale through its retail [illegible].

Terra produces 1.3m [illegible] of anhydrous ammonia, while [illegible] plants produce [illegible] tons. AMC also produces [illegible] gallons a year [illegible] methanol from [illegible] plant in Texas, compared with Terra's 40m gallons from [illegible] factory.

American Home Products sues over painkiller row

By Richard Tomkins in New York

An ugly spat [illegible] out [illegible] \$2.3bn-a-year [illegible] market for painkillers yesterday when the maker of Advil, the [illegible] biggest-selling non-prescription analgesic, [illegible] two companies [illegible] in advertisements [illegible] a rival brand.

American [illegible] Products, [illegible] that [illegible] Advil, said it had filed a [illegible] against [illegible], the [illegible] consumer products [illegible], [illegible] Syntex, another US drugs firm, for making untrue and misleading [illegible] about [illegible] painkiller Aleve, launched on the US over-the-counter market in June.

Procter & Gamble is separately involved [illegible] advertising war with Unilever, the Anglo-Dutch consumer group, [illegible] rival claims [illegible] the [illegible] companies' soap powders.

Advil is a branded version of ibuprofen, which has [illegible] in popularity at the expense of older aspirin-based analgesic products. [illegible] now [illegible] half the \$778m-a-year [illegible] market [illegible] ibuprofen-based analgesics.

In June, [illegible] of Advil [illegible] other established analgesics, [illegible] top-selling Tylenol, [illegible] when Syntex joined [illegible] Procter & Gamble [illegible] launch Aleve, an over-the-counter version [illegible] the drug naproxen sodium, previously [illegible] only under prescription.

Yesterday American [illegible] Products [illegible] and Syntex [illegible] misleading consumers [illegible] "unwarranted and unsubstantiated claims" [illegible]. Among [illegible] serious, it [illegible] suggestion [illegible] Aleve lasted longer [illegible] the dosing interval was longer.

Advil can [illegible] taken [illegible] quently than Aleve, for which the recommended dosing interval [illegible] eight to 12 hours. But American Home Products said the longer dosing interval for Aleve was because of safety concerns, not because Aleve lasted any longer. One of the advantages of pain relievers such as Advil was that [illegible] could [illegible] in four [illegible].

[illegible] Products also challenged [illegible] sometimes [illegible] when Advil [illegible] not, saying [illegible] no difference in effectiveness [illegible] two. [illegible] objected [illegible] Aleve was recommended by physicians, saying there was no evidence that any substantial number did so.

Music group benefits from 'Four Weddings'

Love and money: Four Weddings and a Funeral, with Hugh Grant and Andie MacDowell, has grossed \$125m

PolyGram to make bigger budget films after 15% rise

By Michael Skapinker, Leisure Industries Correspondent

[illegible] low-budget movie *[illegible] Weddings* [illegible] helped PolyGram, the [illegible] music and film [illegible] lift [illegible] year net income 14.7 per cent to Fl234m (\$131m).

PolyGram, which is [illegible] owned by Philips of the Netherlands, said that while music markets worldwide were healthy, its performance had been held back by a paucity of new hits.

Mr Alain Lévy, president, said the group would now begin making bigger budget films and look for other companies to help share the costs.

Four Weddings and a Funeral, which topped the film charts in the US, the UK and France, has so far grossed \$125m. Mr Lévy expected final takings to be \$150m-\$200m. Only 35 per cent of the final profits from the film were included in the first-half results.

Mr Lévy said the first half had been PolyGram's most [illegible] period so far in the film business, with seven new releases. Several of these had been unsuccessful, however, including *Backbeat*, the story of the fifth Beatle.

[illegible] revenues from films and [illegible] rose 56 per cent [illegible] now represented [illegible] per cent [illegible] group sales.

While PolyGram's music [illegible] had [illegible] hampered by a lack of new hits, [illegible] second half were good, [illegible] albums expected from [illegible] Wonder, Boyz II Men, Amy [illegible] Williams.

Mr Lévy said [illegible] market had improved. Luciano Pavarotti's *My Heart's [illegible]* had [illegible] 400,000 copies. The singer had extended his [illegible] with PolyGram into the next century.

However, PolyGram had failed to [illegible] rights to this year's football [illegible] Cup concert featuring Pavarotti, [illegible] Domingo and José Carreras. These [illegible] gone to Warner. The three tenors' previous recording of their World Cup concert in Rome in 1990 had been a best-seller for PolyGram.

Group net [illegible] in the [illegible] months [illegible] June 30 rose 14.1 per cent [illegible] Fl3.6bn. Income [illegible] operations rose 6.6 per cent to Fl340m. Earnings per share rose 8.3 per cent to Fl1.30. Mr Lévy said the smaller increase in earnings was the result of last year's issue of 10m new shares.

Lex, Page 12

John Gapper reports on an upturn at the UK bank, which nevertheless has attracted protests

Barclays trebles profit after fall in bad debt provisions

Barclays, the UK's largest bank, yesterday surprised the stock market and provoked protests from consumer groups and unions by reporting pre-tax profits of £1.04bn (\$1.61bn) for the first half of the year after a £680m fall in bad debt provisions.

The bank's interim profits trebled from £335m in the first half of last year, helped by a sharp fall in bad debts in its UK retail bank, and an £85m profit in US operations, which lost £321m in the same period of 1993.

It signalled a return to health for Barclays, which cut its dividend in 1992 when it lost £242m because of poor lending – particularly to large property and construction companies – and was forced to appoint a new chief executive.

However, unions criticised the bank for having reduced its UK staff by 2,500 this year, and the Consumers' Association said that the profits [illegible] insult to injury for thousands [illegible] ers who [illegible] suffered poor [illegible] vice".

Mr Martin Taylor, Barclays' chief executive, who joined the bank full-time this year from [illegible] Textiles, insisted it had to make a higher return on capital to reward its shareholders. "The problem is not that these figures are very high, although that is true. It is that people have got used to very poor returns in this business," he said.

Barclays is the latest bank to show a return to strong profits following bad debt problems in the early 1990s. National Westminster last week reported first-half pre-tax profits [illegible]7m, while Lloyds [illegible] profits to £805m.

However, banks are finding it hard [illegible] new income because of low demand for loans and competitive pressures. Barclays' operating profits [illegible] bad debt provisions fell to £1.23bn from £1.34bn in [illegible] first half of last year.

The bank revealed it had made an undisclosed provision against having to pay compensation to customers of Barclays Life, its life insurance subsidiary, [illegible] whom [illegible] may have sold products such as personal pensions inappropriately.

The bank's earnings per share rose to 40.6p, compared [illegible] 11.7p, and it raised its interim dividend by 23 per cent from 6.5p to 8p.

[illegible] per [illegible] rose to 362p from 330p, and Barclays shares closed 4p higher at 568p.

Lex, Page 12; Details, Page 19

No coasting now the easy gains are over

Mr Martin Taylor, chief executive [illegible] bank that has taken only 18 months to switch from making a £242m (\$375m) loss to rivalling Lloyds as the most profitable and best capitalised of the big UK banks, had little truck yesterday with the suggestion that Barclays made too much money in the first half.

Mr Taylor pointed out that its average post-tax return on equity for the past six years had been 4 per cent. "That sort of return does not just damage banks, it destroys them," he said.

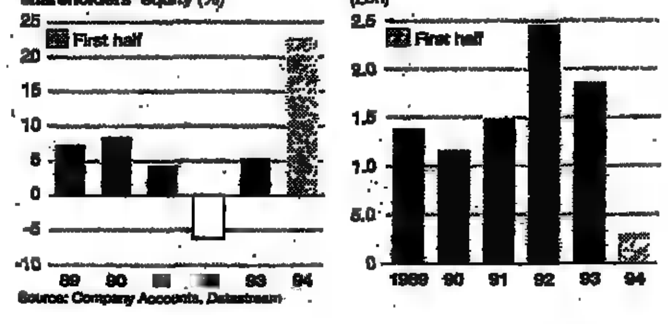
Barclays made an annualised return on equity of 23.6 per cent (21 per cent excluding an £87m surplus from disposals) and its tier 1 ratio of shareholders' funds to risk-weighted assets rose to 7 per cent. These were in line with Lloyds' 21.9 per cent return, and 7.1 per cent tier 1 ratio.

Given Barclays' loss for 1992, and its decision to cut its dividend then, its £1.04bn pre-tax profits for the first six months impressed outsiders.

Yet a closer examination of the results does not suggest a bank coasting towards ever higher returns.

Operating profits fell by £108m to £1.23bn as it shrank loans and competed in an over-crowded UK market. All but £23m of the £701m rise in pre-tax profits came from a fall in bad debt charges. This reduction was more pronounced than at other banks. Its £306m provision is only 0.29 per cent of loans and advances, compared with 0.80 per cent in the same period last year. This is only just more than half Lloyds' figure of 0.55 per cent (excluding problem country provisions).

Barclays



Source: Company Accounts, Datastream

The low level of new provisions could indicate that Barclays either over-provided for bad loans during the worst times, [illegible] is making inadequate provisions for fresh problems.

In practice, it is hard to calculate what a normal level of provisions should be. Given continuing low inflation, bankers have started to guess at long-term provisions figures [illegible] about 0.7 per cent for a full year.

Even if Barclays' provisions [illegible] appropriate, their low level means that it will have to improve operating performance [illegible] sustain [illegible] in profits. The UK clearing bank's 5 per cent operating improvement was largely due to staff cuts, and income is under strong pressure.

Mr Taylor exhibited a mixture of caution and bullishness about the prospects. On the one hand, he argued that it would be impossible to maintain return on equity of above 20 per cent, given the competition in retail banking. "It is bound to be competed away to some extent." On the other, he also emphasised the strength of operating [illegible] such [illegible] Barclaycard. [illegible] help them [illegible] design and sell products at lower cost.

Barclays would try to employ capital better, cutting higher-risk [illegible] and shifting capital towards those with a lower risk-weighting and higher margins. Securitisation and other moves helped [illegible] its risk-weighted assets by [illegible] per cent to £94.7bn.

[illegible] the [illegible] gains may [illegible] over in terms of reducing its poor assets, while higher margins on [illegible] such as mortgages have already narrowed. This will make it harder to find good uses for the bank's growing equity capital – up from £5.33bn to £5.9bn, with retained earnings of £530m.

Mr Taylor emphasised that the bank has yet to prove that it can make consistent returns. "We are conscious that we owe our shareholders a fair bit, and [illegible] are beginning to pay it back."

If anything, that may make Mr Taylor's personal [illegible] a bit harder. Having been in place full-time only since the start of the year, he cannot claim much credit for yesterday's results. By the time shareholders look [illegible] him [illegible] demonstrate [illegible] worth, Barclays will be operating in a tougher world.

Ciba acquires Iolab drug operation[redacted]

By Daniel Green in London

The reorganisation of the world's healthcare companies continued yesterday with the [redacted] acquisition by Switzer[redacted] Ciba [redacted] part [redacted] Iolab, a division [redacted] US rival Johnson [redacted] Johnson that specialises in [redacted] treatments.

Ciba is buying Iolab's drug operations, which include products that reduce allergic reactions and treat dry eyes. The rest of Iolab, mainly the surgical products business, stays with Johnson [redacted] Johnson.

Johnson [redacted] Johnson said that it [redacted] selling the business "to concentrate on other pharmaceutical development areas".

Iolab's drug side will be incorporated into Ciba Vision, the US-based [redacted] subsidiary that [redacted] established in 1980.

Ciba [redacted] conspicuously absent from the spate of acquisitions and disposals in the pharmaceuticals industry in recent months. Roche, [redacted] neighbour in Basle, for [redacted] ple, paid \$5.3bn for California's Syntex in April.

[redacted] Rolf Meyer, Ciba finance director, said the acquisition was not [redacted] strategic as such [redacted] but presented "a good growth opportunity for [redacted] Vision". He said Iolab's prescription [redacted] over-the-counter products had generated \$70m in [redacted] year and should bring in \$100m in [redacted]

This would put Ciba Vision into fifth [redacted] in the \$2bn a [redacted] ophthalmic drug market. The top four are Alcon, a US subsidiary of Switzerland's [redacted] Allergan and Merck of the US, [redacted] Japan's Santen Pharmaceutical.

[redacted] Vision's [redacted] in 1993 [redacted] worth \$700m, mostly from contact lenses and lens care products, placing it about tenth in the [redacted]

Mr Luzi [redacted] Bidder, president of Ciba Vision's Worldwide Ophthalmic Business Unit, said the acquisition would boost [redacted] in and outside the US. "We have the international sales force in place [redacted] [increase] Iolab products [redacted] overseas," he said. Sixty per cent [redacted] Ciba Vision's sales are outside the US.

He added that the extra sales would allow Ciba Vision to support a bigger research and development programme.

The deal [redacted] the second this week in [redacted] medicine. [redacted] Monday, the UK's Smith & Nephew [redacted] its Ioptex division to Allergan of Irvine, California.

Iri plans L600bn sale of property interests

By Andrew Hill in Milan

Iri, the Italian state holding company, [redacted] planning [redacted] off its surplus property inter[redacted] over the next few months [redacted] a gradual privatisation which could raise more [redacted] L600bn [redacted]

The sale [redacted] a small part of the Italian government's privatisation programme, which [redacted] into a [redacted] phase [redacted] the autumn [redacted] plans to sell Enel, [redacted] electricity generator, and Stet, the telecommunications holding company, are finalised.

[redacted] approach [redacted] the [redacted] erty [redacted] makes it [redacted] it is [redacted] to neglect its [redacted] sub-sidiary, Sofinpar-IGP, has been [redacted] up [redacted] conduct the [redacted] and full-page advertise[redacted] have been placed in [redacted] Italian [redacted]

The advertisements under[redacted] liquidation, and that the property will be sold according [redacted] "clear acquisition procedures, precise market rules and in [redacted] of a [redacted] property valuation".

Some 80 per cent [redacted] the property on sale is industrial, but Iri is also putting on the market [redacted] and tourist properties, including a [redacted] park near Genoa and [redacted] sporting [redacted] leisure complex further down the [redacted] in Liguria.

The Italian [redacted] has also made much of [redacted] that [redacted] of former industrial land [redacted] close to the villa [redacted] Mr Silvio Berlusconi, [redacted] Italian prime minister, [redacted] Arcore, near Milan.

Apart from [redacted] figure of "[redacted] than L600bn", Iri has [redacted] specified individual prices [redacted] land [redacted] property, but [redacted] already [redacted] lished minimum prices [redacted] nally.

The [redacted] be [redacted] highest bidder, but if the offers are inadequate, or [redacted] buyers [redacted] company reserves the right to [redacted] the [redacted] the [redacted] or [redacted] a new procedure.

Degussa up 54% on solid all-round performance

By Christopher Parkes in Frankfurt

Strong earnings in all sectors pushed Degussa's pre-tax profits [redacted] 54 per cent to DM186m (\$118.4m) in the first nine months of the [redacted] financial [redacted] the [redacted] and chemicals [redacted] yesterday.

The improvement, on turn[redacted] up just 1 [redacted] at DM10.9bn, stemmed mainly [redacted] North America, Asia and [redacted] European countries, while domestic business was still affected by [redacted] "moderate" economic [redacted] it added.

The North American contribution [redacted] group sales, excluding precious metals dealings, rose to 15 per cent from 13 per cent, while Asia accounted for 14 per cent after 11 per cent last time.

Domestic business generated 34 per cent of turnover compared with 36 per cent.

After stripping out improved earnings from precious metals, the metals division returned to break-even after heavy losses last year.

The Leybold subsidiary, which [redacted] being sold [redacted] Switzerland's Oerlikon-Buehrle, returned to profit. However, these earnings [redacted] not included in the results.

[redacted] 4 [redacted] cent, in line with the [redacted] German industry average. Although prices fell slightly, earnings increased markedly due to cost-saving measures and rising foreign demand.

Turnover from pharmaceuticals [redacted] 6 per cent higher, with about half the increase coming [redacted] first-time [redacted] solidation of Elephant, a Dutch dental company.

The bottom line was also enhanced by a 9 per cent cut in capital spending, while the [redacted] in group payroll costs was held to 2 per cent. At the end of June, the number employed was 4 per cent lower than [redacted] year earlier.

Sale of MIM shares lifts Metall Mining

By Bernard Simon in Toronto

Earnings [redacted] Metall Mining, the international mining [redacted] Germany's troubled Metallgesellschaft, improved sharply in [redacted] second quarter, [redacted] largely [redacted] gains from [redacted] options [redacted] in MIM Holdings, [redacted] Australian met[redacted]

Metallgesellschaft [redacted] to dispose of [redacted] 50.1 per cent [redacted] in the Toronto-based company [redacted] part of [redacted] German group's radical restructuring. [redacted] public share offering [redacted] Metallgesellschaft shares has been held [redacted] by restric[redacted] involving [redacted] partners in various metal projects.

Metall's earnings [redacted] (US\$4.42m), [redacted] share, in [redacted] quarter, from C\$110,000, [redacted] zero cents, [redacted] earlier. The [redacted] MIM [redacted] options [redacted] earnings by C\$5.6m.

[redacted] trebled [redacted] C\$195.8m, due mainly [redacted] acquisition [redacted] year of Metallgesellschaft's [redacted] per [redacted] Norddeutsche Affinerie, [redacted] leading European copper [redacted]

Earnings were [redacted] by [redacted] higher [redacted] Tedi copper-gold mine in Papua New Guinea and the Winston Lake [redacted] mine in Ontario.

Metall said that [redacted] feasibility study had confirmed the eco[redacted] of modernising [redacted] the high-cost Copper [redacted] cost [redacted]

BHF reports unchanged profits of DM148m at half-year stage

By Christopher Parkes

[redacted] growth in commission and interest income compen[redacted] for [redacted] slump in own-account earnings [redacted] helped Germany's BHF bank [redacted] maintain first-half operating profits unchanged [redacted] (\$94.2m), according to yesterday's interim report.

Excluding the drop [redacted] DM53m in [redacted] from [redacted] own [redacted] tions, partial operating profits [redacted] per [redacted] to DM229m.

Provided partial earnings continued [redacted] develop [redacted] rate, BHF expected to report a satisfactory overall result [redacted] the end [redacted] year, it added.

The bank said prospects would depend largely on developments in capital markets, [redacted] it [redacted] no [redacted] change its [redacted]

[redacted] for bad and doubtful [redacted] in [redacted] period [redacted] DM91m, up 38.5 per cent on a [redacted] earlier.

In common with most [redacted] German banks reporting recently, BHF [redacted] providing comparisons of [redacted] interim [redacted] with [redacted] part of [redacted] previous [redacted]

On [redacted] comparing six-month figures [redacted] 50 [redacted] of [redacted] previous year's [redacted] result, operating earnings [redacted] down almost [redacted] cent, although partial profits [redacted] up 24 [redacted] On this basis, risk provisions [redacted]

CU gives details of financing for Groupe Victoire purchase

By Richard Lapper in London and Alice Rawsthorn in Paris

Commercial Union, the UK's strongest general insurance company, yesterday announced [redacted] of a [redacted] issue, [redacted] help finance [redacted] £1.5bn [redacted] acquisition [redacted] Groupe Victoire from Suez, [redacted] French holding [redacted]

The deal, signalled in June, [redacted] further indications of [redacted] recovery in [redacted] UK general insurance market, with both CU and [redacted] rival, [redacted] Accident, reporting better than expected results for the first six months of 1994.

CU's reported pre-tax profits [redacted] £181m – up from from £66m at [redacted] same [redacted] last year – while GA [redacted] pre-tax profits [redacted] £203.2m, compared with £124.7m in [redacted]

[redacted] companies [redacted] fited [redacted] claims, [redacted] as efficiency improve[redacted] more careful underwriting and rate increases, which [redacted] industry-wide losses [redacted] 1990 and 1992.

CU expects [redacted] pay about FFr12.5bn [redacted] major part of Groupe Victoire's life [redacted] insurance interests," although the final price [redacted] by Victoire's performance in [redacted] half [redacted] year.

Approximately [redacted] of the consideration will [redacted] paid in the first half of 1995. [redacted] will come from debt.

Existing shareholders will be able [redacted] buy [redacted] share [redacted] existing [redacted] share compared [redacted] yesterday's closing price of 563p.

[redacted] the French bank, will acquire [redacted] further 21m shares [redacted] 533.89p through a conditional placing and subscription agreement [redacted] raise £111.2m, increasing [redacted] in CU [redacted] 3 to 6 [redacted]

Suez [redacted] will buy CU [redacted] worth [redacted] acquiring [redacted] about [redacted] per [redacted]

[redacted] Générale will also underwrite [redacted] rights [redacted] together with Kleinwort Benson and Morgan Stanley, [redacted] UK stockbroking arm, Société [redacted] Strauss Turnbull, is arranging sub-underwriting [redacted] issue with [redacted] Cazenove.

[redacted] Page 12; [redacted] 17

Austrian group buys 34% stake in Czech brewery for Sch115m

By Vincent Boland in Prague

BBAG, [redacted] drinks [redacted] paying Sch115m [redacted] in [redacted] for [redacted] cent [redacted] in Starobrno, a Czech brewery in Brno.

The acquisition, through [redacted] brewing subsidiary Brau-Union, [redacted] the [redacted] significant foreign [redacted] in the Czech Republic's brewing industry this year. Brau-Union [redacted] against competition from [redacted] European brewers.

Starobrno [redacted] 3 per [redacted] largest [redacted] in [redacted] Moravia, [redacted] the border with Slovakia, with some 50 per cent of the market in Brno, [redacted] regional capital. The brewery's output last year was 488,000 hectolitres and this [redacted] expected [redacted] to [redacted] hectolitres this year. The company had turnover last year of Kcs325m (\$11.48m).

Brau-Union bought the stake in [redacted] of [redacted] position in its local market. The Austrian company is keen [redacted] of [redacted] European market, [redacted] to its breweries in Austria and Hungary.

It intends to maintain Starobrno's position [redacted] a regional brand and will offer support in marketing and technological development.

The Czech beer market, heavily localised and fragmented, [redacted] the [redacted] competition among European and US drinks groups vying for stakes in local brewers. Anheuser-Busch, the [redacted] brewer [redacted] Budweiser, [redacted] wooing Budjeovický Pivovary, brewer [redacted] Budvar. Negotiations [redacted] complicated by disputes [redacted] use [redacted] the Budweiser brand [redacted] which [redacted] Czech origin.

Bass, the UK brewer, [redacted] 34 per [redacted] stake in [redacted] Pivovary brewery [redacted] ber for £9m (\$13.85m).

The Limited slides in second term

By [redacted] Tomkins in New York

[redacted] profits [redacted] The Limited, the [redacted] clothing retailer, fell [redacted] from \$68.2m in [redacted] quarter [redacted] July due [redacted] tinued [redacted] in [redacted] women's fashions, [redacted] company [redacted] yesterday.

There were good performances from lingerie, men's, girls' and personal [redacted] products [redacted] during the quarter, but these were insuffi[redacted] to outweigh [redacted] results [redacted] the The Limited and Ler[redacted] York chains, [redacted] store-for-store [redacted] fell by [redacted] per [redacted]

Group [redacted] fell [redacted] \$1.59bn from \$1.69bn and earnings per [redacted] fell [redacted] 15 [redacted] from 19 cents. [redacted] half-year, sales fell to \$3.07bn from \$3.21bn, net income to \$101.1m from \$112.5m, and earnings per share to 28 cents from 31 cents.

Among [redacted] best performers was the Bath [redacted] Body [redacted] personal care products business, which [redacted] the high[redacted] store-for-store [redacted] increases in the company.

[redacted] Limited expects [redacted] stores in [redacted] UK [redacted] this year, in partnership with Next, [redacted] UK retailer.

Mr [redacted] Wexner, The Limited chairman [redacted] tive, [redacted] in [redacted] women's apparel businesses were planned conservatively [redacted] avoid an overhang of summer [redacted] into the autumn.

"As [redacted] result, [redacted] are posi[redacted] to improve the [redacted] earning opportunities [redacted] our [redacted] merchandise moves [redacted] stores," he said.

Equitable shares fall despite rise in net earnings

By Patrick Harverson in New York

The share price [illegible] The Equitable, the US insurer which is 49 [illegible] owned by French group Axa, fell yesterday in spite [illegible] strong growth in second-quarter profits and continued progress in [illegible] life [illegible].

The results also showed a solid performance from the group's investment business, which held [illegible] well amid deteriorating market conditions.

Investors, however, [illegible] Equitable [illegible] analysts' [illegible] and [illegible] general [illegible] what [illegible] per-[illegible] tive [illegible] In New York, [illegible] to [illegible]

Equitable [illegible] net [illegible] $68.5m, or [illegible] share, [illegible] $47.5m, or [illegible] share, a year earlier.

For the first six months of 1994, the group earned $150.6m [illegible] taxes, compared with $79.3m in the same period of 1993.

Post-tax operating earnings in the life insurance operations jumped 114 per cent to $62.6m in the quarter, due [illegible] a reduction in [illegible] from disability [illegible] higher new [illegible] improved investment spreads.

Investment [illegible] $4.7m, however, [illegible] partly [illegible] by $2m of restructuring charges.

The investment operations posted after-tax operating [illegible] from [illegible] a year earlier [illegible] higher earnings [illegible] fund [illegible] property [illegible] by a sharp drop in profits [illegible] Donaldson Lufkin [illegible] unit.

Higher costs hit HK Aircraft Engineering

[illegible] Louise Lucas in Hong Kong

Hong Kong Aircraft Engineering Company (Haeco), [illegible] subsidiary of [illegible] Pacific Group, saw [illegible] profits [illegible] HK$215.2m (US$27.8m) for [illegible] months [illegible] June [illegible] year, compared with [illegible] for the same period last year.

The company blamed the stagnant results on rising operating costs, exacerbated by inflation; [illegible] margins on airframe maintenance; and losses on managed funds sparked by the worldwide fall in bond prices.

Earnings per share were also flat, at HK$1.16 compared with HK$1.15. The interim dividend is to be held at 30 cents.

Mr Peter Sutch, chairman, said: "It is expected that the company's maintenance and overhaul divisions will enjoy [illegible] in the [illegible] half of the year.

"However, as [illegible] result of [illegible] overcapacity, [illegible] for heavy [illegible] maintenance work have fallen sharply and are expected to remain depressed. In this generally difficult environment, any improvement in the results for the full year may be difficult to achieve."

[illegible] higher line [illegible] back of [illegible] 7.8 per cent increase in the number of aircraft movements at the colony's Kai Tak airport.

[illegible] on Cathay Pacific's fleet were supplemented by refurbishing work on three of the airline's Boeing 747s, and maintenance work on aircraft belonging to other companies, including Air India.

[illegible] Union Bank of Hong [illegible] lifted net income for the first six months of 1994 by 40 per cent to HK$71.7m, AP-DJ reports from Hong Kong.

The bank said its deposit base grew 28 per cent in the first half from a year earlier.

Disney to form link with three 'Baby Bells'

By Patrick Harverson

Walt Disney, [illegible] US entertainment group, plans to form a joint [illegible] with three regional telephone companies to provide traditional and interactive video programming in [illegible] homes.

[illegible] of the alliance between Disney and the three "Baby [illegible]" – Ameritech, BellSouth and Southwestern Bell – follows last month's decision by the Federal Communications Commission to allow Bell Atlantic, [illegible] local telephone [illegible] provide [illegible] TV and [illegible] in [illegible] region.

That decision was [illegible] a breakthrough because it [illegible] company had been allowed to offer cable and interactive programming services over its lines in competition with local cable [illegible] monopolies.

[illegible] the time [illegible] the [illegible] ruling, the [illegible] made [illegible] allow other telephone companies [illegible] pete with [illegible] television groups.

Telephone companies, how-[illegible], are [illegible] forbidden in gen-[illegible] from owning the [illegible] programming, which [illegible] why [illegible] three Baby [illegible] joined [illegible] with Disney.

The entertainment group will provide the product – including motion films, [illegible] sion shows [illegible] educational programmes – and the telephone companies will provide the means [illegible] deliver [illegible] prod-[illegible] homes.

According [illegible] the four part-[illegible], the [illegible] their venture will provide could ultimately include traditional [illegible] and satellite television networks, movies-on-demand, [illegible] home shopping, educational pro-[illegible] games and travel information [illegible] assistance.

Mr Michael Eisner, [illegible] said [illegible] "Our goal is to use technologi-[illegible] breakthroughs and new entertainment delivery systems to provide customers with a compelling and creative array of programming."

Foreign finance lines up at Mexico's doors

Nafta has sparked a rush to join the country's banking sector, reports Damian Fraser

F[illegible] financial institu-[illegible] have [illegible] their sights on Mexico. Some 61 of them, drawn by the North American Free Trade Agreement, [illegible] submitted applications to open one [illegible] more subsidiaries in [illegible] country [illegible] of [illegible]

The approval of licences [illegible] banks, brokerages and other [illegible] would lead [illegible] of the [illegible] infusions of foreign capital into a [illegible] try's financial sector. From next [illegible] nothing, foreigners are likely [illegible] account for almost 8 [illegible] cent of [illegible] banking capital [illegible] the end [illegible] this [illegible], 10 per cent [illegible] brokerage capital, and dominate the non-bank bank sector.

The influx is expected [illegible] competition significantly in [illegible] corporate banking sector, the area attracting most interest. That should help to lower the cost of peso funding for Mexican companies, many of which are struggling under high domestic interest rates or having to fund them-[illegible] in dollars and [illegible] exchange [illegible]

[illegible] international institutions will play [illegible] key part developing a more mature domestic financial [illegible]

Mexico's derivatives and securitisation markets have [illegible] develop because of regulatory obstacles, low liquidity and lack [illegible] expertise. By contributing liquidity and risk-management skills, for-[illegible] should help such [illegible] kets [illegible] become [illegible]

[illegible] of the 20 banks which applied [illegible] in [illegible] trading, corporate finance and lending dollars [illegible] known [illegible] companies. With their [illegible] licences they will be able for the [illegible] time [illegible] receive [illegible] deposits from Mexicans, lend [illegible] in [illegible] Mexican corporations, [illegible] actively [illegible] in [illegible] foreign exchange [illegible] markets.

[illegible] play [illegible] impact [illegible] the foreigners' arrival, taking comfort [illegible] significant [illegible] entry [illegible] banking [illegible] their access through branch [illegible] cheap [illegible] ing. With [illegible] of Citibank, none [illegible] the foreign banks that have applied is expected to target retail banking.

But domestic banks, especially the larger ones, make a significant proportion of their profits from corporate banking and securities and money market trading. Many would appear to be at least partly vulnerable [illegible] onslaught [illegible] – especially when [illegible] limits on foreign banking [illegible] scrapped at the end of [illegible]

While [illegible] banks will enjoy lower [illegible] than [illegible] parts, [illegible] advantage [illegible] lost because of their inefficiency and [illegible] consequent [illegible] charge high spreads, according [illegible] Mr John Donnelly of [illegible]

[illegible] banks [illegible] competition in [illegible] corporate banking and securities market may become so tough that they will find it difficult to survive.

Such fears have increased as more [illegible] more [illegible] banks [illegible] been approved by the Mexican government and financial margins have begun to [illegible]. The finance ministry has approved 17 banks [illegible] the [illegible] 12 months, nearly [illegible] many as [illegible] 18 that [illegible] privatised from 1991-92.

> The Mexican finance ministry has approved 17 banks in the past 12 months, nearly as many as the 18 that [illegible] privatised between 1991 and 1992

Mr Eduardo Cepeda, head [illegible] J. P. Morgan [illegible] Mexico City, [illegible] winning [illegible] are likely [illegible] be [illegible] which have [illegible] in [illegible] longer [illegible] have [illegible]. Morgan itself plans [illegible] employ [illegible] 80 people in [illegible] it [illegible] corporate banking business, [illegible] selectively in [illegible] and [illegible] in the [illegible] foreign exchange [illegible] money market.

In the brokerage sector, foreigners applied for more than the initial capital limit, [illegible] requests are expected to [illegible] back. Foreign brokerages with a licence [illegible] for [illegible] time [illegible] able to [illegible] local trades, cutting out the often large commissions charged by [illegible] brokers.

"We will see more of the available business on [illegible] international [illegible] as a [illegible] [of the liberalisation]," says Mr Peter Norris, head of Barings Securities, one [illegible] 17 brokerages to apply. "Obviously it does [illegible] the potential [illegible] become an intermediary for [illegible] market as that develops."

While some of the larger [illegible] brokerages and investment [illegible] which have not sought licences – such [illegible] First [illegible] and Salomon Brothers – intend [illegible] continue doing business in [illegible] as before, rivals which expect to [illegible] full [illegible] they [illegible] have [illegible] distinct advantage. "Opening [illegible] subsidiary will demonstrate [illegible] clients [illegible] doing [illegible] in Mexico," [illegible] Mr Justin [illegible] of Morgan Stanley.

STK to merge with Network Systems

Storage Technology (STK), which [illegible] storage [illegible] for high-performance computer systems, and [illegible] Systems [illegible] the [illegible] agreed [illegible], Reuter reports from Louisville.

[illegible] the deal, which [illegible] around $300m, [illegible] of Network Systems common [illegible] would be exchanged for 0.2618 of a share of Storage Technology common stock.

STK [illegible] that [illegible] proposed transaction [illegible] be [illegible] first merger [illegible] storage provider and a [illegible] in high-performance [illegible] products.

Mr Ryal Poppa, Storage Technology's chairman, president and chief [illegible] officer, said: "[illegible] merger will give STK access [illegible] key technology – enterprise [illegible] can consolidate voice, [illegible] and video [illegible]."

TCI acquires smaller US rival

By Patrick Harverson

Tele-Communications, the largest [illegible] in [illegible] US, [illegible] to acquire TeleCable, [illegible] smaller, privately held [illegible].

In total, [illegible] deal [illegible] the Virginia-based TeleCable, [illegible] annual [illegible] of about [illegible] $1.4bn.

The acquisition, [illegible] equity-financed, will [illegible] TCI's [illegible] of the US cable television market to more than 18 per cent.

Under the terms of the agreement, [illegible] will get 41.7m shares of TCI's [illegible] A [illegible] stock, plus $300m of [illegible] convertible pre-[illegible] paying [illegible] cent dividend.

For its money, TCI will get 740,000 new subscribers and 21 cable systems spread across 15 states, with the largest concen-[illegible] in [illegible]

[illegible] deal will [illegible] number of [illegible] subscribers [illegible] just under 11m, [illegible] 60m homes in [illegible] US with cable [illegible].

The acquisition of [illegible] by TCI [illegible] most [illegible] example [illegible] the consolidation [illegible] cable television industry, which [illegible] becoming increasingly [illegible] by [illegible] handful [illegible] large [illegible] operators.

Campbell Soup purchases Fresh Start Foods

Campbell Soup, the [illegible] acquiring [illegible] food service bakery business [illegible] Fresh [illegible] move [illegible] building up Campbell's [illegible] ness, agencies report.

Terms [illegible] the transaction [illegible] not [illegible].

Privately-held [illegible] Start, [illegible] in California, has sales [illegible] $75m, providing sand-[illegible] buns and English muffins to the quick-service restaurant [illegible] from operations in the US, Europe and South [illegible]

Campbell [illegible] it supplies [illegible], the US [illegible] chain, [illegible] soups and [illegible] in markets in [illegible] the US, while [illegible] has supplied bakery goods to McDonald's [illegible] more than [illegible]

The acquisition [illegible] be completed by the autumn, subject to government approval.

Interim profits jump at Cambior

By Robert Gibbens [illegible] Montreal

Cambior, a medium-sized Canadian-[illegible] gold producer, more [illegible] doubled first-half net profit to C$10.7m (US$7.7m), [illegible] 22 cents a share, up from C$3.9m, or 10 cents, a year earlier. Revenues for the period were C$151m, up 26 per cent.

Gold output was 260,000oz, an increase of 11 per cent.

The group's second-quarter net profit ahead 25 per cent at C$3.8m, or 8 cents a share, on revenues of C$77m, an increase of 17 per cent.

Cambior is bringing in a new C$100m zinc-copper mine in north-western Quebec and is exploring for gold in Surinam and French Guyana, and for copper in Peru.

Total [illegible] output is [illegible], ranking Cambior among the 10 largest producers in north America.

[illegible] Bow Valley [illegible] voted 99.8 per cent for [illegible] merger with Talisman Energy, the former BP Canada. Talisman becomes a top international oil and gas exploration and production company with assets of more than C$3bn.

Prices for electricity determined for the [illegible] of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	12.13	17.67	20.20
0100	10.80	12.88	15.55
0130	10.80	12.38	14.99
0200	[illegible]	[illegible]	14.99
0230	[illegible]	[illegible]	14.99
0300	[illegible]	[illegible]	14.98
0330	[illegible]	[illegible]	14.99
0400	[illegible]	[illegible]	14.99
0430	[illegible]	[illegible]	14.99
0500	[illegible]	[illegible]	14.99
0530	[illegible]	[illegible]	15.09
0600	[illegible]	[illegible]	15.08
0630	[illegible]	[illegible]	15.08
0700	[illegible]	[illegible]	26.61
0730	[illegible]	[illegible]	26.62
0800	[illegible]	[illegible]	27.14
0830	[illegible]	[illegible]	27.84
0900	[illegible]	[illegible]	30.70
0930	[illegible]	[illegible]	40.41
1000	[illegible]	[illegible]	41.69
1030	[illegible]	[illegible]	42.53
1100	[illegible]	[illegible]	46.22
1130	[illegible]	[illegible]	44.43
1200	[illegible]	[illegible]	60.36
1230	[illegible]	[illegible]	59.75
1300	[illegible]	[illegible]	57.73
1330	[illegible]	[illegible]	36.81
1400	[illegible]	[illegible]	30.51
1430	[illegible]	[illegible]	29.91
1500	[illegible]	[illegible]	29.79
1530	[illegible]	[illegible]	29.60
1600	[illegible]	[illegible]	29.43
1630	[illegible]	[illegible]	31.13
1700	[illegible]	[illegible]	35.73
1730	[illegible]	[illegible]	34.69
1800	[illegible]	[illegible]	28.76
1830	[illegible]	[illegible]	26.60
1900	[illegible]	[illegible]	29.82
1930	[illegible]	[illegible]	25.60
2000	[illegible]	[illegible]	25.40
2030	[illegible]	[illegible]	25.19
2100	[illegible]	[illegible]	25.19
2130	[illegible]	[illegible]	25.19
2200	[illegible]	[illegible]	25.19
2230	[illegible]	[illegible]	26.94
2300	[illegible]	[illegible]	25.19
2330	[illegible]	[illegible]	20.18
2400	[illegible]	[illegible]	25.19

Flotation values Thai construction group at $2.3bn

By Victor Mallet in Bangkok

Italian-Thai Development (ITD), south-east Asia's largest construction contractor, was valued [illegible] Bt58bn ($2.3bn) when its shares [illegible] floated on the Thai stock exchange yesterday.

Shares in ITD, part [illegible] the Italian-Thai group of companies, [illegible] at Bt230, compared with an initial public offering price [illegible] Bt175.

Foreign stockbrokers noted that the closing price [illegible] the company a prospective price/earnings ratio [illegible] of [illegible] well above the overall market [illegible] of about 20.

The [illegible] family [illegible] controls [illegible] has strong political [illegible] company [illegible] expected [illegible] win a substantial share [illegible] forthcoming Thai infrastructure projects in the [illegible] significant local competition.

However, [illegible] still regard ITD [illegible] overvalued. "It's [illegible] case of take the [illegible] and run," said one stockbroker, advising those holding [illegible] take profits.

ITD [illegible] announced [illegible] net profits of Bt715m, [illegible] pared with [illegible] in the first half [illegible] although revenues fell [illegible] Bt5.5bn from Bt5.7bn.

The figures [illegible] that ITD may find it difficult to meet its full-year [illegible] forecast of Bt16.3bn, particularly [illegible] the start of [illegible] on [illegible] railway for Bangkok – for which ITD [illegible] the main civil contractor – has again been delayed.

[illegible] margins rose [illegible] from 21 [illegible] cent, exceptionally high by [illegible] of construction companies else[illegible] in the world.

ITD's principal shareholders decided to sell [illegible] per cent of the company [illegible] public to allow ITD [illegible] for "build-operate-transfer" [illegible] through [illegible] stock [illegible] rather than bank borrowing.

Italian-Thai [illegible] the dominant Thai contractor for ports, dams, [illegible] stations, roads, pipelines [illegible] other [illegible]ture projects.

[illegible] is part of the [illegible] by the [illegible] Giorgio Berlingieri, [illegible] Italian marine engineer, and [illegible] Chaijudh Karnasuta, [illegible] Thai-Chinese doctor turned businessman. [illegible] Berlingieri's relatives [illegible] only nominal holdings in the group.

ISDA forms disclosure guidelines committee

By Tracy Corrigan

The International [illegible] Derivatives Association (ISDA), [illegible] derivatives [illegible]try's trade body, has [illegible] to develop disclosure guidelines for financial instruments, including derivative instruments.

The [illegible] aims [illegible] prepare [illegible] preliminary report on [illegible] by [illegible] year, according [illegible] Gay Evans, chairman [illegible] and [illegible] Bankers Trust [illegible].

"Since [illegible] 'derivatives only' approach [illegible] incomplete [illegible] potentially [illegible] ny's [illegible] or [illegible] sure, [illegible] both [illegible] positions," [illegible].

Ms Gay warned that "squeezing [illegible] existing accounting framework", [illegible] accounting guidelines [illegible] tried [illegible] do, [illegible] a [illegible] picture.

The [illegible] to [illegible] sure of [illegible] highlighted in [illegible] of recent [illegible] particular [illegible] report [illegible] by the US [illegible] Accounting [illegible].

ISDA's entry [illegible] debate, and [illegible] by [illegible] institutions [illegible] expand [illegible] reporting [illegible] derivatives, [illegible] part [illegible] industry [illegible] shape [illegible] new requirements for disclosing derivatives, [illegible] perhaps [illegible] the imposition of [illegible] tougher rules.

The new [illegible] by Mr [illegible] Crowe, [illegible] vice-president [illegible] in London, [illegible] Ms Hannah Sorscher, vice-president [illegible] Citibank in [illegible] US, [illegible] of whom [illegible] ISDA [illegible].

Bearish sentiment grips European sector

By Antonia Sharpe in London and Patrick Harverson in New York

Bearish sentiment gripped European government [illegible] yesterday amid [illegible]ing worries that the strong economic recovery in Germany [illegible] discourage the [illegible] bank from cutting interest [illegible].

[illegible] on 10-year [illegible] 7 [illegible] cent, up from 6.90 per cent on Monday, while [illegible] Italy, 10-year yields [illegible] to 11 [illegible] cent from 10.60 per cent.

"Growth expectations are being revised upwards, [illegible] causing firms [illegible] adopt [illegible] stance [illegible] markets," [illegible] Mr [illegible] Callow, European economist [illegible].

[illegible] were [illegible] in the market [illegible] was [illegible] adopting [illegible] stance towards bunds. Germany's biggest [illegible] declined to comment, except to confirm that it was adjusting its forecasts.

The view that Germany was well behind schedule with its fundraising – Mr Callow estimates that DM120bn of public-sector borrowing has to be met before the year-end – was a further worry, especially since government bond auctions [illegible] Europe had [illegible] gone well recently.

"The [illegible] becoming [illegible] paranoid [illegible] in Germany," [illegible] Mr Kit Juckes, international economist [illegible] S. G. Warburg. He [illegible] this problem [illegible] compounded by the [illegible] of activity in the [illegible].

Yesterday, the Bundesbank [illegible] pri[illegible] would [illegible] five-year [illegible] additional tranche of [illegible] existing five-year paper [illegible] expect [illegible] DM4bn [illegible].

On Liffe, [illegible] September [illegible] future fell below the support level of 93.00 to [illegible] in the [illegible] afternoon, down 0.40 on [illegible] day, in volume of 119,000 [illegible] double Monday's volume.

■ UK gilts fell in line with bunds, with the September long gilt future losing [illegible] in volume [illegible] 55,000 [illegible].

■ The French bond market was also under pressure, with 10-year yields rising by 12 [illegible] points [illegible] cent.

[illegible] in [illegible] French franc raised [illegible] the [illegible]ernment would not be able to [illegible] policy of pegging its [illegible] rates to [illegible] Germany.

■ [illegible] of US government [illegible] eased slightly across the maturity [illegible] and investors awaited the opening leg of the Treasury's [illegible] quarterly refunding round.

By midday, [illegible] benchmark 30-year government [illegible] was [illegible] at 84%, yielding [illegible] per cent. The two-year note [illegible] weaker, down [illegible] yield [illegible] per cent.

Trading [illegible] subdued [illegible] prices mostly weaker throughout [illegible] morning session, with [illegible] market participants willing to [illegible] involved ahead of the [illegible] auction [illegible] $17bn [illegible] three-year notes, [illegible] first part of [illegible] quarter's refunding round.

GOVERNMENT BONDS

EIB raises C$200m with 10-year issue

By Conner [illegible]

The eurobond [illegible] revived yesterday by [illegible] flurry [illegible] new [illegible] in a variety [illegible] currencies, but traders said activity [illegible] likely to remain subdued [illegible] of [illegible] Treasury's quarterly refinancing.

The European [illegible] advantage of the [illegible] buoyancy in the Cana[illegible] sector [illegible] 10-year bonds.

[illegible] bonds [illegible] targeted mainly [illegible] institutional inves[illegible] on liquid, long-dated [illegible] syndicate official [illegible] Barclays [illegible].

[illegible] investor [illegible] in [illegible] longer maturities had picked [illegible] in [illegible] last [illegible] as [illegible] 10-year yield spread over [illegible] Treasuries [illegible] dramatically.

[illegible] pricing, at five basis points [illegible] the 10-year Cana[illegible] government benchmark, [illegible] deemed [illegible] competitive.

Meanwhile, [illegible] Credit Australia issued A$75m of five-year bonds via Macquarie Bank, [illegible] Sydney-based [illegible] London [illegible] into UK [illegible] on Monday.

Also [illegible] Australian [illegible] sector, Queensland Treasury Corp [illegible] A$100m [illegible] three-[illegible] bonds via Nomura, [illegible] were [illegible] mainly [illegible] Japanese [illegible].

The Republic of Finland tapped [illegible] Luxembourg [illegible] sector, issuing LFr5bn [illegible] 10-year [illegible] largely targeted [illegible] investors, [illegible] good demand, [illegible] Banque Internationale [illegible] Luxembourg.

[illegible] plans [illegible] capital markets this [illegible] finance ministry [illegible] told [illegible] in an [illegible].

● [illegible] Poor's [illegible] triple-A [illegible] and double-A [illegible] rating [illegible] African Development Bank.

[illegible] months [illegible], revelations [illegible] of mounting [illegible] AfDB [illegible] put a question mark [illegible] triple-A rating.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

[illegible]	Amount m.	Coupon %	Price	[illegible]	[illegible] %	[illegible]	Book runner
YEN							
International Finance Corp.(a)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	Fuji International Finance
CANADIAN DOLLARS							
European Investment Bank	200	[illegible]	[illegible]	[illegible]	[illegible]	+5 (8¾%-04)	Barclays de Zoete Wedd
[illegible]							
ING Group(b)	500	[illegible]	[illegible]	[illegible]	0.375R	+32 (5¾%-04)	ING Bank
AUSTRALIAN DOLLARS							
Queensland Treasury Corp.‡	[illegible]	[illegible]	[illegible]	Aug.1997	[illegible]	-	Nomura International
Ford Credit Australia	75	[illegible]	[illegible]	Sep.1999	[illegible]	-	Macquarie Bank
SWISS FRANCS							
Kubota Corp.(c)★♦	[illegible]	[illegible]	[illegible]	Aug.1998	[illegible]	-	Swiss Bank Corp.
LUXEMBOURG FRANCS							
Republic of Finland	[illegible]	[illegible]	[illegible]	[illegible]	2.00	-	BIL

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ★Private placement. ♦With equity warrants. ‡Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Short 1st Coupon. b) Fungible with Fl500m. Plus 55 days accrued. c) Fixing: 17/8/94.

Tokyo SE may ease trading restrictions

The Tokyo stock exchange (TSE) [illegible] considering whether [illegible] trading restrictions [illegible] newly listed [illegible] listing of Japan Tobacco, [illegible] reports from Tokyo.

The TSE hopes [illegible] restrictions will [illegible] price volatility when JT is listed on October [illegible]. This is [illegible] attempt to prevent [illegible] repeat [illegible] chaos which followed the listing in [illegible] of [illegible] Japan Railway, [illegible] TSE [illegible].

"To prevent excessive share price volatility [illegible] the listing [illegible] JT, [illegible] are looking [illegible] a number [illegible] measures, including allowing [illegible] prices [illegible] fluctuate more than [illegible] present," said [illegible] official.

Share prices [illegible] listings [illegible] fluctuate by [illegible]. The [illegible] to [illegible] how much [illegible] might be [illegible]. He [illegible] what [illegible] measures [illegible] volatility were [illegible] considered and when they might [illegible] introduced.

Bank Bali interim profit shows marginal increase

By Manuela Saragosa in Jakarta

Bank Bali, [illegible] largest bank in [illegible] private assets, [illegible] pre-tax profit for [illegible] six months of [illegible] year [illegible] by [illegible] Rp43.44bn [illegible] compared with Rp42.50bn in [illegible] year's [illegible] half.

Total income [illegible] to Rp274.79bn from Rp253.27bn [illegible] the year-earlier period. Total expenses climbed to Rp231.35bn from Rp210.81bn.

[illegible] from [illegible] by 11 per [illegible] Rp232.04bn from Rp208.81bn, reflecting the bank's more aggressive attempts [illegible] capture [illegible] of [illegible] loan market.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	97.5400	+0.700	9.38	9.39	9.68
Belgium		7.250	04/04	94.8500	-0.330	8.03	7.91	7.87
Canada *		6.500	06/04	83.9500	+0.200	9.00	9.12	9.24
Denmark		7.000	12/04	91.0000	-0.650	8.32	7.97	8.26
France	BTAN	8.000	05/98	103.4140	-0.340	6.81	6.47	6.90
	OAT	6.500	04/04	88.6000	-0.740	7.50	7.18	7.37
Germany Bund		6.750	05/04	98.3000	-0.710	6.99	6.79	6.85
Italy		8.500	04/04	88.7900	-0.650	10.73†	10.87	10.27
Japan	No 119	4.800	06/99	103.2580	-0.300	4.00	3.70	3.55
		4.100	12/03	95.1620	-0.380	4.69	4.48	4.33
Netherlands		5.750	01/04	81.3600	-0.420	7.03	6.83	6.90
Spain		8.000	05/04	85.2500	-0.900	10.47	10.20	10.57
UK Gilts		6.000	08/99	91-04	-8/32	8.20	8.09	8.01
		6.750	11/04	88-10	-24/32	8.47	8.27	8.26
		9.000	10/08	103-25	-31/32	8.63	8.37	8.33
US Treasury *		7.250	05/04	99-19	-9/32	7.31	7.10	7.46
		6.250	08/23	84-18	-15/32	7.57	7.39	7.72
ECU (French Govt)		6.000	04/04	88.9400	-0.630	7.95	7.99	7.92

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

		One month	4.44	Two year	6.24
Prime rate	7¼	Two month	4.73	Three year	6.51
Broker loan rate	6½	Three month	4.69	Five year	6.96
Fed.funds	4¼	Six month	5.15	10-year	7.30
Fed.funds at intervention	-	One year	5.60	30-year	7.57

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	[illegible]	Sett price	Change	High	[illegible]	[illegible] vol.	Open int.
Sep	116.50	116.76	-0.90	[illegible]	[illegible]	162,467	[illegible]
Dec	115.62	114.90	[illegible]	[illegible]	114.76	[illegible]	[illegible]
Mar	114.90	114.20	-0.85	114.90	[illegible]	[illegible]	[illegible]

■ LONG TERM [illegible] BOND [illegible]

Strike Price	Sep	Dec	Mar	Sep	Dec	Mar
115	1.27	2.00	-	0.52	[illegible]	-
116	0.72	1.42	-	0.92	2.56	-
117	0.30	1.04	-	1.50	3.11	-
118	[illegible]	0.66	-	2.27	-	-
119	0.04	0.40	-	-	-	-

Est. vol. total, Calls 40,085 Puts 60,292. Previous day's open int., Calls 366,845 Puts 330,598.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	93.06	[illegible]	[illegible]	[illegible]	92.58	[illegible]	151732
Dec	92.38	91.97	[illegible]	[illegible]	[illegible]	[illegible]	24611

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Sep	Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9250	0.65	0.86	[illegible]	1.15	0.41	1.19	[illegible]	[illegible]
9300	0.39	0.46	[illegible]	[illegible]	0.65	1.49	1.79	[illegible]
9350	[illegible]	0.32	0.58	0.74	0.97	1.85	2.11	2.27

Est. [illegible] Calls [illegible] Puts [illegible] open int., Calls [illegible] 276129

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep		97.80	-0.27			0	[illegible]

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	[illegible]	[illegible]	Est. vol	Open int.
Sep	[illegible]	[illegible]	-1.20	102.78	[illegible]	[illegible]	80129
Dec	101.10	[illegible]	-1.13	101.10	100.35	463	382

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Sep	CALLS [illegible]	PUTS Sep	PUTS Dec
10150	0.84	[illegible]	0.81	[illegible]
10200	0.60	1.82	1.07	3.49
10250	0.41	1.63	1.38	3.80

Est. vol. total, Calls 554 Puts 1080. Previous day's open int., Calls 38157 Puts 33082

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	91.50	91.58	-0.67	91.69	90.57	50,532	93,329
Dec	-	91.50	-	-	-	-	767

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	[illegible]	Sett price	Change	High	Low	Est. vol	[illegible] int.
Sep	[illegible]	101-27	-0-26	[illegible]	101-24	56334	121601
Dec	102-10	101-11	[illegible]	102-11	101-11	312	1524

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Sep	CALLS Dec	PUTS Sep	PUTS Dec
101	1-31	2-49	0-41	2-27
102	[illegible]	2-19	1-04	2-61
103	[illegible]	1-56	1-41	[illegible]

Est. vol. total, Calls 2565 Puts [illegible]. Previous day's open int., Calls 79851 Puts 63025

Ecu

■ ECU BOND FUTURES (MATIF)

	[illegible]	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	[illegible]	83.70	[illegible]	[illegible]	[illegible]	1,395	[illegible]
Dec	[illegible]	83.30	[illegible]	[illegible]	[illegible]	[illegible]	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of [illegible]

	Open	Latest	Change	High	[illegible]	Est. vol.	Open int.
Sep	[illegible]	[illegible]	-0-15	[illegible]	[illegible]	[illegible]	[illegible]
Dec	102-14	102-02	-0-15	[illegible]	[illegible]	2,543	73,842
Mar	101-17	101-11	-0-15	101-17	101-10	31	4,218

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) [illegible]

	Open	Close	Change	High	Low	[illegible] vol	[illegible] int.
[illegible]	107.45			[illegible]	[illegible]	[illegible]	[illegible]
Dec	106.50			[illegible]	[illegible]	[illegible]	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Tue Aug 9	Day's change %	Mon Aug 8	[illegible] interest	xd adj. ytd		Low coupon yield Aug 9	Aug 8	Yr. ago	Medium coupon yield Aug 9	Aug 8	Yr. ago	High coupon yield Aug 9	Aug 8	Yr. ago
1 Up to 5 years (23)	120.96	-0.09	121.06	[illegible]	6.81	5 yrs	8.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.52	8.47	6.77
[illegible] 5-15 [illegible]	140.15	-0.47	140.81	1.56	[illegible]	15 [illegible]	8.41	8.31	7.30	[illegible]	[illegible]	7.44	[illegible]	[illegible]	7.65
3 [illegible] 15 years [illegible]	156.63	-0.90	158.05	1.63	[illegible]	20 yrs	8.39	[illegible]	7.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.71
4 Irredeemables (6)	179.00	-1.26	181.38	2.81	[illegible]	Irred.†	[illegible]	8.37	7.63						
[illegible]	137.67	-0.44	138.27	1.72	[illegible]										

Index-linked							[illegible] Aug 9	Aug 8	Yr. [illegible]	Inflation 10% [illegible]	Aug [illegible]	Yr. [illegible]
6 Up to 5 years (2)	186.76	+0.01	186.74	1.79	[illegible]	Up to [illegible] yrs	[illegible]	[illegible]	2.85	2.90	2.89	2.11
7 Over 5 years (11)	172.48	-0.25	172.91	0.73	[illegible]	[illegible] 5 [illegible]	[illegible]	[illegible]	[illegible]	3.89	3.87	[illegible]
[illegible] All stocks (13)	173.08	-0.22	173.46	0.83	[illegible]							

Debentures and Loans						5 year yield [illegible] 9	Aug 8	Yr. ago	[illegible] year yield Aug 9	Aug 8	Yr. [illegible]	25 year yield Aug 9	Aug 8	Yr. ago
9 Debs & Loans (73)	129.83	-0.73	130.78	3.11	6.90	9.56	9.49	8.09	9.50	9.41	8.35	9.43	9.35	8.50

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Aug 9	Aug 8	Aug 5	Aug [illegible]	Aug 3	Yr ago	High*	Low*
Govt. Secs. (UK)	92.26	92.58	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fixed Interest	111.12	111.14	111.01	111.54	111.65	121.44	[illegible]	[illegible]

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Aug [illegible]	Aug 5	Aug [illegible]	Aug 3	[illegible] 2
[illegible] bargains	[illegible]	88.9	78.7	79.8	77.4
5-day average	79.7	78.1	79.8	82.5	86.0

UK GILTS PRICES

[illegible]

[illegible] INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on August 9

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	91¼	91½	-⅛	7.92
Alberta Province 7⅞ 98	1000	101¼	101½	-⅛	7.22
Austria 8½ 00	400	104⅞	105¼	-⅛	7.37
Bank of Tokyo 8⅞ 96	100	102⅛	102⅝		6.84
Belgium 5½ 03	1000	84⅞	85⅛	-⅛	7.86
BFCE 7¾ 97	150	101⅞	102⅝	-⅛	6.90
British Gas 0 21	1500	10¾	11⅛	-⅛	[illegible]
[illegible]					

	Issued	Bid	Offer	Chg.	Yield
United Kingdom 7¼ 97	5500	[illegible]	102⅞	-⅛	[illegible]
Volkswagen Intl Fin 7 03	1000	97⅝	98	-⅛	7.35
World Bank 0 15	[illegible]	[illegible]	[illegible]	-⅛	[illegible]
World Bank 5⅞ 03	3000	[illegible]	91⅛	-⅛	7.14
World Bank 8¾ 00	[illegible]	111	111⅜	-⅛	[illegible]
SWISS FRANC STRAIGHTS					
Asian Dev [illegible] 10	[illegible]	102	[illegible]		6.60
[illegible]					

	Issued	Bid	Offer	Chg.	Yield
Abbey Natl Treasury 8 03 £	1000	[illegible]	[illegible]	-⅛	8.94
Alliance Leics 11¾ 97 £	100	[illegible]	[illegible]		8.28
British Land 8⅞ 23 £	150	88⅝	89⅞	-1⅛	10.33
[illegible] 8⅛ 98 £	500	94⅛	94⅝	-⅛	8.45
[illegible]	537	104⅞	[illegible]	-⅛	7.98
Halifax 10⅜ 97 £	100	105	[illegible]	-⅛	[illegible]
Hanson 10½ 97 £	500	[illegible]	[illegible]		[illegible]
HSBC Holdings 11.69 02 £	153	110⅝	[illegible]	[illegible]	[illegible]
[illegible]					

[illegible]

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Increased premiums, reduced claims and improved weather boost composite insurers

CU up to £181m

By Richard Lapper

Commercial Union, largest of the UK's composite insurers, reported pre-tax profits increased from £66m to £181m in the first half of this year.

The interim dividend is raised from 9.75p to 10.25p, payable from earnings of 26.3p (24.9p) per share.

Mr John Carter, chief executive, said that general insurance operations continued to benefit from improved conditions in a number of main markets. The performance was particularly influenced by the return to profitability in the UK, where premium rates have been increased and claims fallen.

Underwriting profits in the UK amounted to £26m (£57m losses), with profits in domestic and commercial property and motor business offsetting losses in the London commercial and reinsurance market.

The group's operating ratio in the UK – which measures claims, commissions and expenses [illegible] percentage [illegible] premiums – [illegible] per cent (105 per cent).

Overall worldwide underwriting losses fell to £75m (£165m), despite high severe weather and catastrophe claims in North America, particularly in the first quarter.

Brendan Corr

Peter Ward, executive director, (left) with John Carter and Tony Wyand, executive director.

Underwriting losses in the [illegible] – CU's largest European operation [illegible] the UK – fell to from Fl 39m to Fl 30m (£11m). In France, [illegible] the group [illegible] expand significantly following yesterday's [illegible] acquisition of Groupe Victoire, underwriting [illegible] narrowed [illegible] £11m (£16m), but the operating ratio – at 138 per cent (151 per cent) – remains high.

[illegible] premium income from non-life insurance rose to £2.16bn (£2.11bn), [illegible]ting for a [illegible] fall [illegible] life insurance income [illegible] £923m [illegible] net of loan [illegible] amounted to £179m (£169m). Income from non-insurance activities was £8m and earnings from associates £5m (£4m).

Shareholders' funds [illegible] £2.03bn at [illegible] end of June, compared [illegible] £2.53bn at the start [illegible] and shareholders' funds as at August [illegible]

Strong UK side lifts GA

By Richard Lapper

A strong performance in the UK helped General Accident, the composite insurer, increase pre-tax profits to £203.2m for the first six months of 1994, compared with £124.7m.

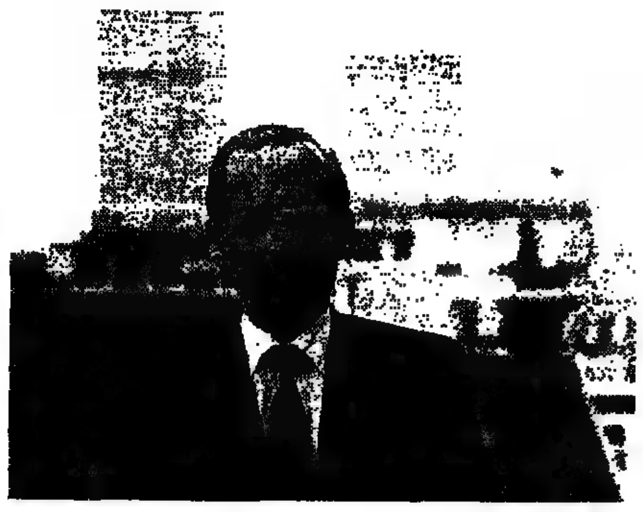
The figures follow full year profits of £295m in 1993 and underlined the company's recovery since its heavy losses of 1991 and 1992.

"We need to be making good profits now to be effectively paying for the losses of previous years," commented Mr Nelson Robertson, group chief executive.

In the UK, rate increases, more selective underwriting, greater efficiency and a reduction in claims frequency all helped improve results, with underwriting profits amounting to £93.5m (£3.5m).

Underwriting profits in home insurance amounted to £37.8m (£16.8m), partially because of improved weather conditions, and motor business was also profitable, despite signs that rate competition is returning [illegible]

Although [illegible] maintained its portfolio [illegible] insurance [illegible] intact, premium [illegible] fell by 2 per cent to £119.6m (£122.5m) and by 7 per cent to £60.6m in [illegible] quarter, with rates falling about 10 per cent.



Ashley Ashwood

Nelson Robertson: good profits to pay for previous losses

Results improved in the [illegible] and in east Asia, but bad weather in the first quarter led to an increase in underwriting losses in Canada.

Worldwide underwriting losses [illegible] £44.9m, against losses [illegible]

Overall premium [illegible] from non-life [illegible] increased [illegible] £2.14bn (£2.1bn), with long-term [illegible] premium income rising [illegible] (£413.7m).

Investment income fell [illegible] (£242.7m) [illegible] (£4.5m). Interest paid [illegible]

The interim dividend [illegible] up by [illegible] per [illegible] 10.1p, [illegible] from earnings per [illegible] ahead from 21.2p [illegible] 33.4p.

The company has been badly hit by falls in the value of its equity and fixed income portfolio, with net [illegible] value per ordinary share falling from 545p at the end of 1993 to 441p [illegible] August 4 1994.

BPP advances 4% to £3.47m

By Simon Davies

[illegible] in BPP Holdings rose [illegible] 215p yesterday after [illegible] the education and training group announced increased profits and an improvement in the performance of Linguarama, its lossmaking language training subsidiary.

Pre-tax profits rose 4 per cent to £3.47m (£3.34m) in the first half of 1994, helped by a strong performance from the professional training [illegible] edged [illegible] from £24m to £24.7m.

Linguarama, which plunged [illegible] incurred an interim [illegible] of [illegible] (£40,000). However, it has broken [illegible] during [illegible] three months, and management is optimistic of a profit for [illegible] second half.

Linguarama [illegible] from the economic downturn in Europe, because it offers language services to businesses and has a strong [illegible] on [illegible] Continent, particularly Germany.

The language business [illegible] restructured, with clo[illegible] in Japan [illegible] Belgium, [illegible] although [illegible] has [illegible] price cuts, business volumes [illegible] finally recovering.

The professional training division, which has focused recent expansion on building up its BPP Law school and bank training business, saw profits increase from £1.15m to £1.38m.

Publishing was affected by the loss [illegible] a sizeable accountancy training client which [illegible] now turned competitor, and profits were down £127,000 at £1.27m.

Markus Verbeek, the Dutch business training subsidiary, has seen further profits growth, but this will result in BPP having to pay about £5.5m when it buys out the 32.3 per cent minority shareholders in April.

Academic education, which [illegible] the MPW sixth-form colleges, contributed [illegible] (£584,000).

The [illegible] important [illegible] for [illegible] group's profits performance [illegible] during the next [illegible] months – [illegible] start [illegible] the [illegible]demic [illegible] – when [illegible] achieves the bulk of sales for text books, distance learnings and A level [illegible]

However, management [illegible] confident that improv[illegible] economic conditions will result in further earnings recovery.

The company recommended [illegible] dividend [illegible] 3.1p (3p), which tracked [illegible] 0.1p [illegible] earnings per share to 7.7p.

Property side spurs recovery at Howard

Howard Holdings, the property development and plant hire group, reported pre-tax profits of £405,115 for the 12 months to April 30 – the south London-based group's first year in the black since 1990.

Mr John Howard, chairman, attributed the recovery to property development activities. "Prospects continue to look good and we have now made land purchases to sustain our level of trading," he said.

The recession in construction and housebuilding has gone on for a long time, said Mr Howard, but he believes the better times expected are finally becoming a reality.

The outcome, which compared with losses of £304,749, was struck after interest charges of £265,227 (£395,618), and reflected turnover more than doubled [illegible] (£3.07m).

Although plant hire had "another difficult year" there were "firm indications" of a return to profits by 1995.

The dividend is 0.8p [illegible], payable from earnings of 1.07p (0.56p losses) per share.

The shares rose 3p to 28p.

Gardner's £240m package

Gardner Merchant, Europe's largest contract caterer, has completed a £240m financing package, part of which will be used to finance its recent $100m (£65m) acquisition of Morrison's Hospitality Group from Morrison Restaurants of the US, writes Tracy Corrigan.

The package includes a £155m five-year loan which will be [illegible] to [illegible] existing bank borrowings, left [illegible] from the £402m management buy-out of the company from Forte in December 1992; a $100m five-year loan to fund the Morrison's acquisition and a £20m multi-currency working capital and guarantee facility, again over five years.

The terms of the loans were not disclosed. The facilities were arranged by the Royal Bank of Scotland, with five other participating banks.

DIVIDENDS ANNOUNCED

		[illegible] payment	Date of payment	Corres-ponding dividend	[illegible] year	[illegible] last year
Barclays	int	8	[illegible]	6.5	-	[illegible]
BPP	int	[illegible]	Nov [illegible]	3	-	[illegible]
[illegible] Union	int	10.25†	[illegible] 17	15.1	-	[illegible]
Fleming [illegible]	int	[illegible]	[illegible]	1.675	-	[illegible]
General Accident	int	10.1	Jan 1	9.7	-	27.5
Holliday Chem	int	2†	Oct 3	1.8	-	4
Howard	fin	[illegible]	Oct 12	0.5	0.8	0.5
Kleinwort O'seas	int	1.5	Oct [illegible]	1.5	-	3.4
Lilleshall	int	[illegible]	Nov 25	1.7	-	4.55
New Ireland	int	[illegible]	[illegible] 16	3.5	-	13.81
[illegible]	int	1.2†♥	Sept 30	1.1	-	5.05
Thornton PanEuro	int	0.3	Nov 25	nil	-	1
Wyko	fin	0.5	Oct 28	0.5	[illegible]	1

Dividends shown pence per share net except where otherwise stated. †On increased capital. ♥Second interim; makes 2.4p to date. $Irish pence.

$900m of preference shares could be repaid as tier 1 ratio increases

Barclays may reduce capital

By John Gapper and Peter Montagnon

Barclays [illegible] thought [illegible] be considering reducing excess capital later this year by buying back up to $900m (£580m) of preference shares. The bank is concerned that it may otherwise build up too high a ratio [illegible] capital to risk-weighted [illegible]

Barclays yesterday disclosed a rise in its tier 1 ratio of core capital – including equity, retained earnings and preference shares – to risk-weighted assets from [illegible] per cent at the year-end to 7 per cent at June 30.

The bank [illegible] thought [illegible] considering [illegible] reducing its tier 1 ratio if it continues to climb at this rate. Although banks in [illegible] have built up [illegible] of more than 7 [illegible] cent, [illegible] higher [illegible] prompt concern at [illegible] capital.

[illegible] barrier is [illegible] Barclays [illegible] gain the Bank [illegible] England's approval for [illegible] move because its tier 1 ratio is a key measure [illegible] financial strength. The Bank might [illegible] a [illegible] if it [illegible] Barclays [illegible] ered fully.

The repayment [illegible] preference shares might be unnecessary if there was [illegible] strong increase in loan demand in the second half of the year.

An [illegible] to buying back the shares would be to increase the full-year dividend by a large amount.

Ashley Ashwood

Martin Taylor, chief [illegible] with Andrew Buxton, chairman: would need Bank of England approval for reduction

Barclays is also thought to be considering repaying $1.3bn in dated loan capital which has a coupon of between 9.75 and 11.625 per cent. Although this would reduced the overall capital ratio, it would not affect the tier 1 ratio.

This is thought to be a more immediate prospect than the buying back of preference shares because it would not involve regulatory approval in the same way. The main advantage would be to reduce a drag on earnings from the high coupon.

Barclays yesterday disclosed that it had maintained a net interest margin at 3 per cent, while domestic net interest margin rose from 3.9 per cent to 4 per cent. Some 0.2 per cent of the margin was because of interest rate hedging.

The bank's total capital rose to £10.8bn at June 30 against £10.6bn a year earlier, while total assets fell from £169.3bn to £161bn, and weighted risk assets fell from £107.5bn to £94.7bn.

Wyko £4m in red but this year starts well

By Paul Cheeseright, Midlands Correspondent

Wyko, the West Midlands-based industrial distribution and engineering group, incurred pre-tax losses of £4.16m in the [illegible] to April 30, but resumed profitable trading in the first quarter of its current year.

The deficit, foreshadowed in statements in January and May, were expected as the group provided for the cost of a policy under which, as Mr Philip White, chairman, put it yesterday, "all our major problems have been firmly [illegible]"

Mr White [illegible] this year there had [illegible] "sustained improvement in demand within our UK distribution business [illegible] improved trading results elsewhere in [illegible] group." This justified a dividend of 0.5p, half of the previ[illegible] year's payment when [illegible] year [illegible] pre-tax loss [illegible] £20,000. [illegible] per [illegible] 11.3p (0.5p).

Total turnover [illegible] (£57.4m) including £4.39m (£6.47m) from discontinued operations. There [illegible] tional or one-off [illegible] of expenditure of more [illegible] £3.4m. These [illegible] withdrawal from South Africa, the concentration of manufacturing [illegible] and, most significantly, £1.2m [illegible] provide for withdrawal from capital equipment manufacture: units in this business will be sold individually.

Losses at the operating level amounted to £3.4m, compared with profits of £753,000.

Shareholders' funds dropped from £15m to £10.9m during the year. Gearing fell to 33 per cent (45 per cent).

Holliday Chemical turns in 72% rise to £9.81m

By Tim Burt

Shares in Holliday Chemical Holdings yesterday rose 13p to a post-flotation high of 250p after the industrial dyes and speciality chemicals company announced a [illegible] in first half profits.

The company, which came to the market last year, saw pre-tax profits rise from £5.69m to £9.81m on turnover of [illegible] (£54.9m). On a pro-forma basis profits showed a 46 per cent advance from £6.7m.

Mr Michael Peagram, the founder and chairman, said the healthy [illegible] and rising share price showed [illegible] had recovered from [illegible] profit warning, when concerns over its Spanish subsidiary sent the shares tumbling to 174p.

Operating profits in Spain – where Holliday makes pharmaceutical actives and fine chemicals – have improved in recent months, although Mr Peagram admitted they remained "below aspirations".

[illegible]up operating [illegible] (£7.19m) following better-than-expected performances [illegible] all [illegible]

The figures were enhanced, however, by a £1.2m currency gain and a £1.69m contribution from Reckitt Colours International – the former Reckitt & Colman subsidiary acquired for £52m in March.

Mr Peagram predicted that Reckitt Colours, which is to be renamed Holliday Pigments, would emerge as the company's largest profit centre.

Profits from the business, which supplies 60 per cent of the world market for industrial grade ultramarine – the tints for plastic bottles – helped offset flat demand for the group's other dyes and pigments.

Its contribution underpinned profits of [illegible] in the [illegible] sector, against [illegible] pro-forma £3.17m [illegible] time, while [illegible] existing chemicals operations made £6.15m (£4.26m).

Welcoming the performance, Mr Peagram pointed [illegible] demand for waste recycling products, hair dyes and fine chemicals.

"We do not have one single product, or customer or market that could more than dent our growth if [illegible] was wiped out [illegible]night."

[illegible] hinted [illegible] further acquisitions which could [illegible] financed from bank facilities. Net borrowings fell from £32m following the Reckitt acquisi[illegible] £29.6m at the end of June – equivalent to gearing of 56 per cent.

Earnings per share rose from [illegible].8p to 7.4p on a pro forma basis and an interim dividend of 2p (1.6p) is declared.

COMMENT

On the surface, Holliday's [illegible] look as [illegible] some of [illegible] industrial pigments. After stripping out [illegible] favourable currency gains and contribution from Reckitt Colours, they appear a little less bright. Nevertheless, the group has overcome tough price competition in Spain and enjoyed organic growth elsewhere. Reduced operating costs should feed through in the second half and new products are likely to [illegible]erate profits. With Reckitt likely to show further substantial gains, full year profits could exceed £21m. Although [illegible] may [illegible] for breath following their recent rise, they remain [illegible] relatively attractive option [illegible] forward multiple of 16.4.

Former LIG directors get compensation

[illegible] Tim Burt

London International Group [illegible] made compensation [illegible]ments to its former chairman and group managing director.

The group, which manufactures Durex condoms and Marigold [illegible] paid [illegible] Mr Alan [illegible] retired as chairman in April. Mr [illegible] Hall, [illegible]mer group [illegible] director, received £151,600.

The [illegible] retired before LIG announced net losses [illegible] £173.7m for [illegible] year [illegible] March 31 and a [illegible] rescue rights issue [illegible] the group's balance [illegible]

The company [illegible] Mr Hall was being compensated for "termination [illegible] contract", while Mr Woltz's payment related to an outstanding [illegible]sultancy fee. Analysts, however, said the two men had been blamed for LIG's ambitious [illegible] during the 1980s, which led [illegible] able [illegible]

Ranger in £13m agreed bid

By Peggy Hollinger

Ranger Oil, [illegible] Calgary-based [illegible] explorer, yesterday announced [illegible] sharp drop in first-half profits as [illegible] unveiled [illegible] agreed [illegible] for Union Jack Oil, [illegible] UK independent.

Ranger, [illegible] already [illegible] per [illegible] Union Jack, is offering 75p [illegible] share for the com[illegible], valuing [illegible] at £16.5m.

[illegible] profits [illegible] quarter [illegible] from [illegible] (£252,000), on [illegible] per [illegible] at $33.5m. First-half profits [illegible] 30 fell by 64 per cent to $4.3m.

Average of crude oil and natural gas prices were $3.41 lower in the first half at $13.79. There is no dividend.

The group said Union Jack would provide extra production and cash flow from its interest in the Claymore field in the North Sea. Ranger has recently been hit by lower oil prices and falling production out of the North Sea as exploration programmes have been reined in.

Ranger has been a significant shareholder in Union Jack, originally set up as a vehicle for institutional investment in North Sea exploration, since its foundation in 1981.

Ex-Hartstone director gets £235,000 pay-out

[illegible] Peggy Hollinger

A [illegible] director [illegible] has received payments totalling [illegible] from the struggling hosiery and leathergoods group which [illegible] month announced a £30m rescue [illegible] issue.

Mr [illegible] Brentnall, [illegible] head [illegible] the group's leathergoods division, left the company [illegible] February.

[illegible] is [illegible] he is [illegible]tor named [illegible] the accounts who received [illegible] compensation payment of £100,000, in addition to [illegible] and pension [illegible] £135,000.

Mr Brentnall, a former partner with City solicitors Turner Kenneth Brown, joined Hartstone in 1990. He was appointed by Mr Stephen Barker, former chief executive wholeft Hartstone in June last year with a £60,000 pay-off, but is suing for a [illegible] £340,000.

Cliff signs deal with Tanzania

Shares in Cluff Resources rose by 11 per cent to 52¼p after the UK-listed gold mining company signed an exploration and development agreement with the government of Tanzania, writes Kenneth Gooding.

Cluff will hold a 90 per cent interest in the Geita gold license area on the southern shores of Lake Victoria. The government has a 10 per cent carried interest and a 3 per cent royalty on gold sales has also been agreed.

UAPT holders urged to accept lower offer

UAPT-Infolink yesterday wrote to shareholders urging them to accept the lower of two concurrent takeover offers, to avoid the risk of a referral to [illegible] Monopolies [illegible] Mergers Commission, writes Simon Davies.

UAPT has become the target of the [illegible] US credit information groups, and has taken the unusual step of recommending shareholders to take 550p from Trans Union, instead of 600p from Equifax.

The rationale for the advice is that although a 600p offer from Equifax [illegible] originally recommended, the bid is condi[illegible] upon their [illegible] no [illegible] MMC, due [illegible] Equifax's position as a UK competitor of UAPT.

The board argues that shareholders who accept the higher offer could risk the removal of Trans Union's offer and then the lapsing of Equifax's, due to a referral.

UAPT has been backed in its decision by Sir Gordon Borrie, a non-executive director of UAPT who is also a former Director General of the Office of Fair Trading, which makes the decision on referrals.

The OFT is unlikely to make a verdict for several weeks, and the Trans Union bid will lapse on August 31.

Hemingway Properties back in black

Hemingway Properties returned to the black in the six months to June 30, with pre-tax profits of £1.25m compared with [illegible] loss of £581,000.

The group, which in June spent £30.2m on nine properties, saw turnover rise 48 per cent from £4.58m to £6.79m. Rental income contributed most to the increase, rising from £2.19m to £4.19m. Property sales remained stable at £2.6m (£2.39m).

Hemingway now has a property portfolio worth £140m, some £120m of which was acquired in the past year. Mr Stanislas Yassukovich, chairman, said the group would "continue to seek out property transactions".

Earnings per share worked through at 0.66p (losses 1.07p). Mr Yassukovich said the board expected to be able to recommend a final dividend of 0.4p.

Edinburgh Oil in the red

Edinburgh Oil [illegible] Gas, the USM-quoted oil and gas exploration and development company which is one of the UK's largest onshore acreage holders, incurred pre and post-tax [illegible] of [illegible] the six months to June 30. Last time, there were profits of £103,000.

Turnover declined from £1.17m to £886,000.

The result reflected the impact of low oil prices, while production was also slightly lower. A return to profit was expected in the second half.

Losses per share were 0.22p (0.6p earnings).

COMPANY NEWS: UK

Upton warns of deeper losses at Reject Shop

By Peter Franklin

Shares in Upton & Southern Holdings dived 12p to 14p yesterday after the Middlesbrough-based department store group sounded a warning over the trading position of The Reject Shop, [illegible] recently acquired furniture and household goods chain.

Upton said it had become apparent since the acquisition of the USM-quoted group that the financial and trading position of Reject Shop was materially worse than had been represented at the time of the recommended offers.

This had resulted in a cash shortage of about £2.75m, the directors said, and it was anticipated that losses of Reject Shop for the period to July 31 would now be significantly greater than anticipated.

Reject Shop, which had suffered mounting losses in recent [illegible] because of the recession, was acquired by Upton in a £2.5m all-paper deal in March.

Upton, which itself has recently und[illegible] a period of reorganisation, had been looking [illegible] Reject [illegible] July [illegible].

The directors [illegible] the [illegible] had [illegible] by trying to [illegible] upmarket. Following [illegible] acquisition, Upton planned [illegible] prices and [illegible] the product range with the intention of making Reject Shop [illegible] business.

Reject Shop incurred a pre-tax loss of £2.39m [illegible] turnover of £10.3m in the 28 weeks to October 3 1993, while Upton – which has changed its year end to July 31, in [illegible] with [illegible] of Reject [illegible] – reported losses of [illegible] on [illegible] of [illegible] in the [illegible] January [illegible].

Despite yesterday's announcement, Upton [illegible] continued [illegible] operate within existing banking facilities, and retained the support of its banks.

Reject Shop [illegible] beginning to see an upturn [illegible] sales as the steps taken by the new management began to have effect, the directors said.

However, in order to meet cash flow requirements and to provide working capital for [illegible] development of Reject Shop, Upton was actively seeking additional equity funding, they added.

They were also investigating [illegible] possibility of instituting proceedings against certain [illegible] of Reject Shop, and a further [illegible] would be made as soon as [illegible].

Acquisitions behind sharp gain to £3.5m at Lilleshall

By Tim Burt

Lilleshall, the engineering and building products group, yesterday reported a 93 per cent increase in first half profits following a strong performance by new subsidiaries.

Pre-tax profits [illegible] from [illegible] to [illegible] after contri[illegible] from Trutite Fasteners, [illegible] and Jay Fasteners – all acquired in the [illegible] months – helped lift turnover [illegible] £48.7m (£31.3m).

The figures were distorted by a £781,000 gain on property disposals and a £300,000 loss on a consultancy agreement, but underlying profits rose by 66 per cent to £3.04m.

The improvement was fuelled mainly by profits [illegible] £1.65m (£1.01m) in the building products division, including St Helens, and a £797,000 [illegible] in the [illegible] business, dominated by [illegible] companies.

Together, they [illegible] to operating profits of [illegible] (£2.09m).

Mr John Leek, chairman, said: "Demand has increased [illegible] businesses generally saw reasonable growth, but no-one would call it buoyant."

In a [illegible] statement, he forecast a satisfactory outcome for the full year "provided the prospect of higher interest rates does not dampen demand and assuming that pressure on margins does not worsen".

Among the group's 13 companies, St Helens endured a slowdown in orders in the second quarter, while profits at Ideal Williams – the PVC doors and windows business – were affected by a price war among its competitors.

[illegible] the plastics [illegible] engineering division, [illegible] while, [illegible] components [illegible] businesses struggled against margin pressure and mixed trading conditions.

Nevertheless, the division enjoyed healthy export orders in the US and a small first-time [illegible] from Laets, the Belgian houseware [illegible] acquired for £1.33m in May.

Earnings per share [illegible] 7.67p (5.06p), [illegible] an increased interim dividend of 1.85p (1.7p) is declared.

The shares closed up [illegible] at [illegible].

VVL focuses on a small, smart camera

US and Asian groups may dominate the world's high technology industries but the UK has its share of small, entrepreneurial companies exploiting ingenuity and enthusiasm. How are these companies coping with the demands of growth, finance and competition, asks Alan Cane in the first of a new series.

Growth from technology

In a laboratory in the Corstorphine area of Edinburgh sit tiny machines capable of analysing human fingerprints, counting the spots on gaming dice and recognising dazzle in a car's rear view mirror.

They are among the prototypes and products from a company which seems to have secured a useful lead in one of today's most exciting technologies – machine vision.

VLSI Vision (VVL) makes the smallest, cheapest and least power-hungry video cameras in the world.

The entire camera, image sensing unit and signal processing circuitry is inscribed on the surface of a silicon chip. Add a conventional lens and a microprocessor to endow the camera with intelligence and the entire "imputer" (image computer), as VVL describes its smart camera, is about the size of a box of matches. It costs [illegible] in quantities of 1,000.

Conventionally, it [illegible] £3,000 [illegible] of video camera, accessory circuitry and computer to do the same job. The scope for using VVL's cameras extends from manufacturing control systems [illegible] surveillance equipment to children's toys.

The technology which underpins VVL's products is the [illegible] of [illegible] Peter Denyer, 41, VVL managing director and one of the UK's outstanding semiconductor specialists.

Working in the late 1980s on a fingerprint identification system for De La Rue, the security printer, he made the conceptual breakthrough which made [illegible] sensor [illegible] on the same chip. [illegible] conductor companies [illegible] to [illegible] his achievement and his technology is hedged with patent protection.

Prof Denyer teamed up with Mr Roy Warrender, a 50-year-old engineer specialising in computer techniques, to [illegible] VVL in [illegible] Mr Warrender is now commercial director.

About [illegible] in venture capital [illegible] loans [illegible] provided by Mr George [illegible] Quantum [illegible] Development Agency.

VVL [illegible] since [illegible] enquiries for [illegible] products and systems. The [illegible] ability of tiny, [illegible] cameras has opened up a world of new commercial and social opportunities.

One [illegible] products VVL developed was a simple security camera – by transmitting a handful of video pictures to a control centre it confirms [illegible] security [illegible] place. [illegible] false, resulting in [illegible].

Security is an important growth area for the video camera business. Local authorities [illegible] in public places [illegible] fall in [illegible] crime as a consequence.

Roy Warrender: likely to seek new money in the next 12 months

The company's growing need for funds was met last [illegible] through a [illegible] injection amounting [illegible] from Donnelly Corporation of Michigan. The [illegible] one of the world's largest [illegible] components manufacturers, [illegible] minority [illegible] in the [illegible].

Donnelly's logic for [illegible] on its belief that [illegible] vehicle mirrors will eventually give way to [illegible] imaging systems.

The first fruit of its collaboration with VVL is a rear view mirror fitted with a video camera which [illegible] and [illegible] reflectivity of the mirrors accordingly.

VVL sells its video products in several versions; it sells the basic chips, modules ready for incorporation into other manufacturer's products and entire cameras. Modules, selling at about £20 a time, are the most popular.

Prototypes the [illegible] working on include:

- A gambling machine intended to automate games involving the throwing of dice. VVL's imputers are capable of distinguishing and counting the spots on a pair of dice tossed on [illegible] a green [illegible] background.
- [illegible] a consequence of the work with De La Rue, a fingerprint recognition system [illegible] match a sample print against a small group of prints in a second or less. Such a system could typically [illegible] allow or deny access to an [illegible] building. The individual presses his or her finger against a glass panel where it is [illegible] by a VVL [illegible]. The fingerprint pattern is recorded using [illegible] calculations developed by Prof Denyer [illegible] compared [illegible] those on file. If a match is made, [illegible].

VVL [illegible] working with games and toy manufacturers. Here cost is critical. While [illegible] ily available vision [illegible] the possibility of [illegible] futuristic kinds of toy, the selling price must be strictly within traditional limits.

VVL has responded by developing the world's first single chip [illegible] camera selling for [illegible] than $10 (640p).

The company [illegible] turnover in [illegible] a year at present. It [illegible] profitable in the past but now is investing heavily.

Mr Warrender [illegible] however, that the company's forward order [illegible] £5m. It is likely VVL will be looking for [illegible] money in the next 12 months to fund the next phase of its development, [illegible] he says he is keeping an open mind – and a closed mouth – about the way the new funding will be achieved.

Arcadian completes

Arcadian International, the hotels and leisure group, has completed an agreement with Banesto over the financing of its hotel, golf and country club development at El Zaudin, [illegible] Spain.

Kalamazoo poised for £20m buy

By Paul Cheeseright, Midlands Correspondent

Kalamazoo, the Birmingham-based computer [illegible] printing systems group, is on the verge of spending up to £20m on [illegible] acquisition of a computer software company.

"I'd [illegible] to [illegible] make [illegible] substantial acquisitions this year, both in the computer software arena. To do that we will have to go to the City to [illegible] some cash," said Mr Mike Langmore, chief executive.

The acquisitions will emphasise the shift in the group's direction. Some 10 [illegible] ago, printed systems provided 66 per cent of turnover; they now provide 25 per cent and the main thrust of profits growth is coming from the computer services business.

Kalamazoo will, for the first time, be able to finance expansion through paper as well as borrowing.

Earlier this year the Kalamazoo Trust, set up in 1948 for the benefit of employees [illegible] holding 51.5 [illegible] of the equity, agreed to accept [illegible] dilution. The [illegible] now [illegible] freedom, without any further approval from the Trust, to [illegible] the capital by 5 per cent.

However, acquisitions which demand further [illegible] would have [illegible] sanctioned by the Trust.

No decisions have been made on the how the financing of acquisitions will be structured, but the group is in a relatively strong position either to issue new shares or to raise borrowings.

Yesterday's share price of 140p is near the top of its 1994 range and has climbed from a 1993 low of 26p. The group ended the year to March 31 with cash balances of £8m; they have now reached £9m, Mr Langmore said. "To borrow would not be difficult," he added.

Kalamazoo is likely to buy a UK company but it is searching for a continental European acquisition to supplement its first small overseas purchase, CBA Nederland, a software systems business servicing the motor trade – Kalamazoo's speciality.

The group claims 45 per cent of the UK motor trade systems support business and has ambitions of spreading into France and Germany but, with recession in the background, it [illegible] cautious. "We didn't want to buy anything which would immediately fall into lossmaking," said Mr Langmore.

[illegible] on [illegible] the computer [illegible] seemed to cast doubt on [illegible] of [illegible] prin[illegible] the historical base of the [illegible]. "We [illegible] at selling it; we examined [illegible] with [illegible] seriousness, but there is a series of specialised [illegible] Kalamazoo, with its [illegible] capability, [illegible] serve."

The printed systems business has been internally overhauled and externally focused on higher margin business such as security printing with a product range reduced from [illegible] to [illegible] in recent years. "It's [illegible] cash – more than £2m on turnover of £16m," said Mr Langmore.

In [illegible] to [illegible] 31, Kalamazoo made pre-tax profits of £6.35m on turnover of £60.9m.

NEWS DIGEST

Microvitec doubles to £1.1m

Microvitec, the Bradford-based software, networking and display systems group, continued its recovery with doubled pre-tax profits in the [illegible] to June 30.

The surplus [illegible] £1.12m ([illegible]570,000) on turnover up 16 per cent at £20.9m, compared with £17.9m, which included £1.88m for discontinued operations.

Earnings [illegible] 59 per cent, [illegible] 0.78p to 1.24p. [illegible] again no [illegible] dividend but, following a capital restructuring in March, the [illegible] able [illegible] return to the [illegible] list at the year end.

Gearing has been further reduced from 48 per cent at the end of December to 38 per cent.

New Ireland shows decline to I£2.4m

New Ireland Holdings, the Dublin-based [illegible] assurance and pensions group, saw profit [illegible], from I£4.04m to [illegible] (£2.37m) pre-tax, in the six months to the end of June, despite an [illegible] in premium income.

Premiums from life assur[illegible] I£69.1m [illegible] I£81.4m, but a sharp [illegible] in claims from [illegible] I£79.8m meant a [illegible] (income I£103.8m).

There was also a [illegible] on underwriting, although this was reduced from I£1.64m to I£1.24m.

Earnings per share dropped from 18.5p to 9.3p. An interim dividend of 3.85p (3.5p) is declared.

The ultimate holding company is UAP, the French insurance group.

CU Environment net [illegible] improve

CU Environment [illegible] per share by 1 per cent to 120p in the six months to June 30 and by 8.2 per cent over the [illegible] 12 months.

After-tax [illegible] dropped from £28,849 to £387 and there were nil earnings per share (0.16p). No interim dividend will be paid.

Thornton Pan-Euro income increases

Thornton Pan-European Investment Trust lifted income from [illegible] from £175,214 to £249,553 in the first half of 1994.

Net revenue at the split capital trust emerged at [illegible] (£70,877) and earnings per share [illegible] 0.72p (0.35p). The interim [illegible] is 0.3p (1p total).

COMMODITIES AND AGRICULTURE

Coffee futures down after earlier sell-off by funds

By Alison Maitland

[illegible] futures fell heavily in London yesterday in response [illegible] the previous day's late sell-off by funds in [illegible] York. But traders [illegible] the market found strong support above [illegible] a tonne.

"When [illegible] York [illegible] we would [illegible] expected London to be down near $3,100 [illegible] the September contract, but it held up fairly well," said one trader.

The November position closed at [illegible] a tonne, down [illegible]. That is still some way [illegible] the [illegible] on June 27 [illegible] the first severe Brazilian [illegible] sent prices up nearly 40 per cent in a single day.

London was feeling the force of the 11 per cent drop in New York on Monday night, when arabica futures fell through [illegible] key [illegible] level of [illegible] a pound [illegible] at [illegible] on the [illegible] position in a technically inspired pull-out by investment funds. In afternoon trading yesterday, [illegible] York was steady, with December up 1.40 [illegible] a pound.

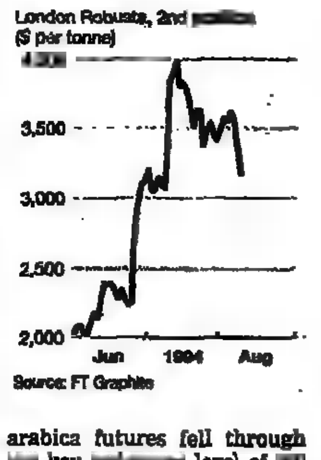
"The coffee trade in general probably feels eventually that the situation in coffee justifies higher prices than this," said the trader. "But when funds trade, they can carry all before them."

London saw some buying by roasters yesterday, but many are believed to be awaiting the US Department of Agriculture's estimate of the frost damage to next year's Brazilian crop before making their next move.

The report, due to be published on Friday, is expected to put the damage at less than the [illegible] esti[illegible] by the [illegible] government.

Coffee

London Robusta, 2nd [illegible] ($ per tonne)



Source: FT Graphite

Fortex meat processing plants sold after tender

By Terry Hall in Wellington

The financially troubled New [illegible] meat processing industry is headed for further [illegible] it was announced yesterday that two former [illegible] plants will reopen under new owners.

The announcement coin[illegible] release [illegible] a study by [illegible], the [illegible] bank, which [illegible] the industry [illegible] money in each of the past five years and will continue to do so unless it [illegible]. Meat process[illegible] industry, with a turnover of NZ$3.4bn (US$2bn) a year.

Fortex was placed in receivership earlier this year after it incurred [illegible] of around NZ$600m.

Mr Alan Isaac, the receiver for Fortex, said yesterday the [illegible] an [illegible] tender, and would reopen. He [illegible] disclose the prices paid.

The [illegible] Canterbury plant [illegible] bought by a [illegible] including Japanese [illegible]ests, the Brierley controlled [illegible] and [illegible] Board subsidiary Anzco, [illegible] local [illegible] Phoenix [illegible]. The Dunedin plant [illegible] bought by a former city mayor, Sir Clifford Skeggs.

The group's 24-hour processing methods and harmonious labour relations had attracted international interest and its collapse [illegible] New Zealand government. Two of the company's [illegible] face fraud charges.

The collapse was [illegible] on a costly battle with its compet[illegible] to buy [illegible]. With sheep numbers having fallen by [illegible] 23m-50m during the [illegible] decade, companies have [illegible] to offer high prices [illegible] animals in a bid to stay in business.

Industry leaders said the plants' closure had relieved the competitive pressures in [illegible] industry.

Caribbean exporters feel the heat

Canute James on an economic warning sent to the island nations

Caribbean commodity exporters have been warned [illegible] foreign markets will become limited unless they improve production efficiency [illegible] the quality of their products.

The warning [illegible] the Caribbean Development Bank, which says that the region is also threatened by changes to the preferential export markets on which its commodities have been dependent.

"The preferential markets, at subsidised prices, account for a significant share of regional output," says the bank, in its report on the performance of the region's commodities in [illegible]. "This [illegible] the region's vulnerability [illegible] changes in [illegible] arrangements, at the [illegible] that [illegible] arrangements [illegible] substantially to regional incomes and employment."

The Barbados-based bank, which provides [illegible] 17 members, [illegible] which [illegible] of [illegible], with [illegible] contributors being the US, Canada, the UK, [illegible] and Germany, offers little hope for a turnaround in the waning fortunes of the region's economies, all of which recorded declines last year.

The region's sugar industry was affected last year by poor weather, and production fell by 3 per cent to 730,000 tonnes, with only St Kitts-Nevis, [illegible] smallest producer in the group, recording an increase.

[illegible] largest fall, of 10 per cent, was in Barbados where the industry [illegible] its lowest output in [illegible], and had difficulty meeting [illegible] commitments to the European Union, the US and [illegible] market. The [illegible] absolute [illegible] in [illegible] output fell by about 8,000 tonnes, the bank reported. [illegible] in [illegible] by higher prices [illegible] by [illegible] producers, resulting in a slight decline in raw sugar production.

The region's bauxite producers – Guyana and Jamaica – [illegible] declines in ore pro[illegible] in [illegible] with their [illegible] output [illegible] by 4.8 per cent to 12.09m tonnes. "The performance of the industry in the region [illegible] be disappointing," [illegible] says. "In [illegible], performance was affected by weak international prices."

The Jamaican industry, however, reported a 2.8 per cent increase in alumina production last year to reach 2.98m tonnes. Guyana's production of [illegible] affected by [illegible] flooding of some [illegible] heavy rain, and worker unrest, said industry spokesmen.

Output of crude petroleum in Trinidad and Tobago fell last year "in line with the declining pattern in recent years, despite [illegible] industry by changes in petroleum taxation arrangements to [illegible] exploration", the bank says.

The maturation [illegible] main oil fields and reduction in drilling reduced Trinidad and Tobago's crude oil production to an average 123,800 barrels a day in [illegible], against daily average production of 135,800 barrels a day in 1992. The decline reflected a decrease in drilling in the year, with [illegible] total depth drilled being [illegible] 10.3 per [illegible] less than the previous year.

The industry also suffered from a decline in [illegible] prices, which aver[illegible] a barrel, against [illegible] in 1992. "The [illegible]ment's 1993 budget [illegible] been predicated on an average price of $21 per barrel of petroleum, with [illegible] result [illegible] measures to [illegible] expenditure [illegible] brought into effect," the bank [illegible]. Barbados' small industry yielded 459,500 barrels of crude [illegible], a fall [illegible] per [illegible]. This accounted for 32 per cent of domestic requirements.

"The medium-term prospect [illegible] in [illegible] production in Trinidad [illegible], with [illegible] outlook for international prices not being particularly encouraging," it says.

"However, prospects for [illegible] production of natural [illegible] are promising [illegible] pro[illegible]grammed [illegible] the medium term."

The depreciation of sterling against the [illegible] dollar [illegible] changes in the EU's import regime depressed banana production and [illegible] in the Windward Islands, according to the report.

St Lucia's exports fell 13 per cent, while shipments from [illegible] Vincent declined [illegible] per [illegible]. Export earnings averaged 30 per cent less. "Although prices [illegible] similarly affected in Jamaica and Belize, higher production efficiencies in these [illegible] led [illegible] an expansion in output," the bank [illegible].

The industry's performance in the Windwards was also affected by "poor management of the banana price shock on the part of the growers' [illegible]ations" [illegible] among [illegible], mainly in St Lucia.

The bank [illegible] "The new European importing [illegible] will [illegible] substantial [illegible] in [illegible] efficiency in the Windward Islands, together with a significant improvement in fruit quality, [illegible] that unit prices will [illegible] more closely reflect the lower price of [illegible].

"The [illegible] will be fur[illegible] by ... continuing allegations [illegible] the new banana regime and the new general agreement [illegible] and [illegible] arrangements."

Gold consumption weakens

By Kenneth Gooding, Mining Correspondent

Demand [illegible] gold bullion is being depressed by a [illegible] in consumption in [illegible] impor[illegible] – Saudi [illegible] and Turkey – according to the World [illegible] Council, a promotional organisation [illegible] by [illegible] producers.

At [illegible] tonnes, demand in the [illegible] quarter in Turkey [illegible] per [illegible] the [illegible] of [illegible]. The council [illegible] in [illegible] Gold Demand Trends publication that Turkey's austerity package, launched in April to combat its economic and financial crisis, encouraged huge [illegible] jewellery [illegible] exports of scrap gold bars. In the quarter scrap gold exports of 5.9 tonnes far outweighed gold imports of only 0.1 tonnes.

[illegible] Arabian gold demand, meanwhile, dropped by 53 per cent because, the council says, consumers were worried about economic conditions and this [illegible] a reduction [illegible] stocks. Demand was also hit by a lacklustre Hajj season, a 20 per [illegible] cut in government spending, and by the impact of the civil war in Yemen.

All this contributed to a 4.3 per cent fall in gold demand – from [illegible] tonnes – in the second quarter in those countries monitored by the council. These account for about 75 per cent of total world demand.

A council [illegible] that in the largest of the price-sensitive markets in the developing world, such as India and China, buyers seem to have adjusted to higher gold prices.

Australian farmers to get drought aid

The Australian government yesterday announced an A$14m [illegible] relief [illegible] in drought-stricken Queensland [illegible] South Wales, [illegible] Emilia [illegible] in [illegible].

Mr [illegible] Collins, [illegible] primary industries minister, ordered [illegible] of A$5m [illegible] funds [illegible] South Wales [illegible] to Queensland. [illegible] the government would top up the A$14m if [illegible] drought persisted.

[illegible] government [illegible] spent A$75m in [illegible] farmers, in [illegible] form of interest and farm [illegible] subsidies, com[illegible] selling and [illegible].

In Queensland, [illegible] the fourth [illegible] of dry weather, 35 per cent of the [illegible] been [illegible] a drought [illegible]. In [illegible] Wales, which only [illegible] had a good grain crop, [illegible] 60 [illegible] has [illegible] to be suffering the drought.

Japan zinc project is abandoned

Plans for a A$500m (US$370m) [illegible] smelter and refinery [illegible] Japan have [illegible] abandoned, Reuter reports from Brisbane and Tokyo.

The smelter [illegible] have [illegible] Hachinohe, in [illegible] Honshu, using [illegible] Imperial smelting process, developed in Australia, to produce 120,000 tonnes of zinc and 60,000 tonnes of lead a year.

The three partners in the [illegible] project [illegible] Nippon Mining, [illegible] 50 per cent, MIM, the Australian group, 40 per cent, and Mitsui Mining.

In August last year the partners decided to defer the project because of a change in circumstances surrounding the Japan smelting industry, including a rapid appreciation of the yen and low zinc and lead prices.

MIM said yesterday they now believed that more favourable circumstances were unlikely and that the project should be abandoned and the partnership dissolved.

When the project was planned in 1991, the US dollar [illegible] yen. The [illegible] at present hovering around [illegible] yen. Slumps in metal prices [illegible] factor, industry sources [illegible].

LME WAREHOUSE STOCKS (As at Monday's close) [illegible]

Aluminium	[illegible]	to 2,502,225
Aluminium alloy	-100	to 26,540
Copper	[illegible]	to 342,700
Lead	[illegible]	to 382,700
Nickel	+1,518	to 136,660
Zinc	[illegible]	to 1,216,600
Tin	-46	to 30,985

MARKET REPORT

Rise in nickel exchange stocks

NICKEL was under pressure [illegible] London Metal Exchange yesterday after a [illegible] – 1,518-tonnes – [illegible] in exchange [illegible] general liquidation. Nickel closed [illegible] a tonne, down $237.50, [illegible] only slightly [illegible] low of [illegible]. Dealers [illegible] ALUMINIUM could [illegible] poised [illegible] an [illegible] on overhead [illegible] improving [illegible].

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE ([illegible])

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1456-7	1483.5-4.5
Previous	1429.5-30.5	1457-8
High/low		[illegible]
AM Official	1456-7	1486-6
Kerb close		1481-2
Open int.	282,137	
Total daily turnover	41,117	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1486-505	1500-5
Previous	1475-80	1483-5
High/low		[illegible]
AM Official	1486-95	1490-5
Kerb close		1500-5
[illegible] int.	2,834	
[illegible] daily turnover	461	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	585-6	583-4
Previous	571-2	[illegible]
High/low	584.5	584/[illegible]
AM Official	584.5-5	583.5-4
Kerb close		586-6
Open int.	41,035	
Total daily turnover	[illegible]	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5760-70	5850-60
Previous	6000-10	6090-5
High/low		6130/5855
[illegible]	5805-10	5905-15
Kerb close		5870-5
Open int.	[illegible]	
Total daily turnover	[illegible]	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5085-95	5160-5
Previous	5045-55	5120-5
High/low		[illegible]
AM Official	5038-43	5115-6
Kerb close		5200-5
Open int.	18,190	
Total daily turnover	[illegible]	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	928-9	951-2
Previous	935-6	958-9
High/low		961/951
AM Official	930-1	953-3.5
Kerb close		955-6
Open int.	104,462	
Total daily turnover	14,551	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2392-3	2396-7
Previous	2402-3	2402-3
High/low	2408/2407	2430/2393
AM Official	2407-7.5	2409-10
[illegible]		2398-400
Open int.	227,328	
Total daily turnover	[illegible]	

■ LME AM Official £/$ rate: 1.5364
LME Closing £/$ rate: 1.5390

Spot:1.5390 3 mths:1.5365 6 mths:1.5346 9 mths:1.5314

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Aug	107.00	-1.30	[illegible]	[illegible]	706	508
Sep	107.25	-1.35	[illegible]	[illegible]	24,762	8,009
Oct	107.55	-1.20	-	-	823	[illegible]
[illegible]	107.70	-1.25	-	-	533	[illegible]
[illegible]	107.80	-1.15	108.80	[illegible]	[illegible]	[illegible]
Jan	[illegible]	-1.10	[illegible]	108.30	348	17
[illegible]					[illegible]	[illegible]

PRECIOUS METALS

■ LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	377.80-378.20	
Opening	[illegible].65	
[illegible]	377.40	245.576
Afternoon fix	378.65	246.196
Day's High	378.80-379.20	
Day's [illegible]	377.10-377.50	
Previous [illegible]	[illegible]	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.93	6 months	4.46
2 months	4.05	12 months	4.86
3 months	4.14		

[illegible]	p/troy oz.	US cts equiv.
Spot	332.75	511.25
3 months	337.10	517.10
6 months	[illegible]	523.55
1 year	353.10	538.70

Gold Coins	$ price	£ equiv.
Krugerrand	382-385	248-251
Maple Leaf	388.85-391.30	-
New Sovereign	88-91	[illegible]

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

■ CRUDE OIL IPE ($/barrel)

■ HEATING OIL NYMEX (42,000 US galls; c/US galls.)

■ GAS OIL IPE ($/tonne)

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

■ BARLEY LCE (£ per tonne)

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

■ SOYABEAN MEAL CBT (100 tons; $/ton)

■ POTATOES LCE (£/tonne)

■ FREIGHT (BIFFEX) LCE ($10/index point)

SOFTS

■ COCOA LCE (£/tonne)

■ COCOA CSCE (10 tonnes; $/tonnes)

■ COCOA (ICCO) (SDR's/tonne)

■ COFFEE LCE ($/tonne)

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

■ COFFEE (ICO) (US cents/pound)

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

■ WHITE SUGAR LCE ($/tonne)

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

■ COTTON NYCE (50,000lbs; cents/lbs)

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

MEAT AND LIVESTOCK

■ LIVE CATTLE CME [illegible] cents/lbs)

	Sett price	Day's change	High	Low	Open int	[illegible]
Aug	70.850	-0.675	71.600	70.550	10,951	10,312
Oct	72.950	-0.250	73.550	72.800	30,837	8,097

■ LIVE HOGS CME (40,000lbs; cents/lbs)

■ PORK BELLIES CME (40,000lbs; cents/lb)

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME

■ COPPER (Grade A) LME

■ COFFEE LCE

■ COCOA LCE

■ BRENT CRUDE IPE

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Sep)

■ OIL PRODUCTS NWE prompt delivery CIF

■ OTHER

Minor Metals

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS

■ CRB Futures

CROSSWORD

No.8,528 Set by ALAUN

ACROSS

1 Box the newly broken horse won't want to have (6)
4 That's the [illegible] pet, about gossip (8)
9 An odd pink folded object on the dining-table (6)
10 Indignant, being knowledgeable about weapons (2,2,4)
12 It's all about getting on a horse (6)
13 Set off carrying a gun. Was on [illegible] (6)
15 [illegible] Has [illegible] evicted from the [illegible]
16 Ways in [illegible] the [illegible] trained [illegible] the [illegible]
20 [illegible] in to drive round with the pupil (7)
21 Having recovered from, [illegible] (4)
25 Says it's [illegible] but [illegible] (6)
26 [illegible] holding a job [illegible]
28 [illegible] bad but not [illegible] enough to maintain the lead? (8)
29 Hate losing half the [illegible] before the big match (6)
30 A while in prison, I don't know when (8)
31 [illegible] deliberately irritating – that's the problem [illegible]

DOWN

1 In that case, one's been given the run-around (8)
2 A gun for the teller (6)
3 A bird covered in mineral oil, needing treatment (6)
5 Hacks the top off the plants [illegible]
6 Sums [illegible] kindergarten children (4,4)
7 School that will deal severely with clods (6)
8 Tried to get 29 ruffled (6)
11 Bottle from which I cannot pour out (7)
14 Tell you to check your figures [illegible]
17 Catch something you shrink from (8)
18 Writing love poetry to when abroad [illegible]
19 He believes you owe it to him (8)
22 Feels the wrong end has been attached to the cords (6)
23 Charge with kidnapping (6)
24 The food served on board (6)
27 In colour it's really good (4)

Solution 8,527

FAIRCOPY ATTACH
GAMEBIRD PRIMER
NONSTICK UPSHOT
BLITZKRIEG
SILLYBILLY
FUTURE UNSTABLE
REFUGE TRAPDOOR
TALENT ADORABLE

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Trading news features [redacted] dull session for equities

By Terry Byland,
UK Stock Market Editor

Prospects for interest rate rises in the US subdued the UK stock market yesterday, and it was left [redacted] trading statements from a handful of leading British companies to provide the day's features. An erratic session saw shares rallying at the close as an earlier sell programme, believed to be worth around £100m across the equity range, was cleared away.

The final reading put the FT-SE 100 Index at 3,168.6 for a net loss of 3.3 points. The Footsie had been up by nearly 18 points and down by nearly 12 earlier in the day, often led by stock index futures. Trading volume was higher than for some weeks, with the day's turnover through the Seaq network of 669.8m shares more than one-fifth above the previous session's total.

Little attention was paid to the widening in the UK visible trade deficit for May. [redacted] that the trade deficit could prove [redacted] restraint on economic policy later this year, equity strategists do not yet see cause to worry.

London continued to focus on the chances for a tightening in [redacted] Reserve credit policies in the wake of the US jobless statistics released last week, which will be followed towards the end of this week by data on retail sales and consumer and producer price indices.

At the close, UK [redacted] helped by reports of successful pre-auction trading in the $17.25bn of three-year Federal bonds to be sold yesterday in New York. Some analysts suggested that this week's auctions of around $40bn in US bonds may deter the Federal Reserve from taking action for the time being. The Dow Jones Industrial Average was 0.65 up when London closed for the day. Confirmation that Commercial Union plans to partly fund the acquisition of Groupe Victoire, the insurance arm of Cie de Suez, by means of a rights issue was no surprise [redacted] the stock market – indeed, £322m was at the low end of expectations.

[redacted] Union [redacted] strong [redacted] Cazenove, Hoare Govett and Strauss Turnbull Societe Generale commenced sub-underwriting the issue.

Other blue chip stocks responding to trading news included General Accident and Barclays, the latter advancing sharply after disclosing first-half results well above the most optimistic expectations.

However, the market was turned off in the afternoon by the sell programme, although the individual deals were mostly "delayed [redacted] and therefore not fully identified until later in the session.

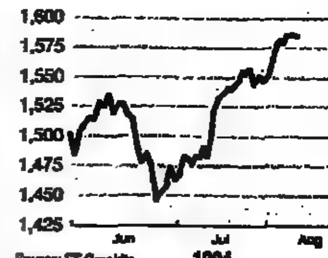
The FT-SE Mid 250 Index, which has been running more strongly than the FT-SE 100 over the past fortnight, also ground to a halt yesterday, closing 2.3 down at 3,726.4.

Trading [redacted] second-line [redacted] remained busy, and made up some 60 per cent of the day's total Seaq volume. On Monday, retail activity in UK equities was worth £1.12bn, still a satisfactorily profitable level of business for the London securities industries, albeit at the low end of this year's daily averages.

Some stocks with Far Eastern links strengthened towards the close of business when unsubstantiated rumours of a pending statement regarding plans to extend the Hong Kong airport began to filter through to London [redacted] houses. Dealers hurriedly searched out stocks in the construction and building sectors which could benefit from such a development.

Traders drew heart from the UK stock market's success in holding steady yesterday in the face of falls in long-dated British government [redacted] This is a quiet [redacted] for UK economic statistics, but markets are expected to react sharply to any sign that the UK authorities have become more bearish on inflation prospects. However, the UK equity market is generally hopeful that the widely expected rise in base rates can be postponed until later in the year.

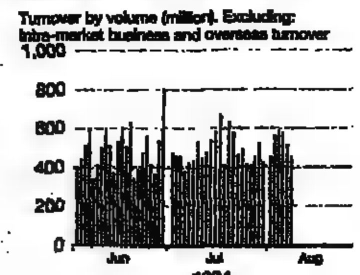
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	[redacted]	[redacted]	FT Ordinary index	2474.1	-2.9
FT-SE Mid 250	3726.4	[redacted]	FT-SE-A Non Fins p/e	[redacted]	[redacted]
FT-SE-A 350	1599.7	-1.4	FT-SE 100 Fut Sep	3174.0	-11.0
[redacted]	1586.58	-1.13	10 yr Gilt yield	[redacted]	[redacted]
FT-SE-A All-Share yield	[redacted]	(3.75)	Long gilt/equity yld ratio:	[redacted]	(2.19)

Best performing sectors

1. Other Ser & Bus ... +1.4
2. Gas Distribution ... +1.2
3. Other Financial ... +0.6
4. Electronic & Elect ... +0.4
5. Diversified Inds ... +0.3

Worst performing sectors

1. Household Goods ... -1.0
2. Extractive Inds ... -1.0
3. Building Matls ... -0.8
4. Life Assurance ... -0.8
5. Oil Exploration ... -0.7

Barclays stuns on upside

Dealers in bank shares were stunned by the extent of the profits recovery at Barclays at the halfway stage. They responded by hoisting Barclays shares to 597p in unofficial pre-market trading, compared with the overnight level of 564p.

After a bout of profit-taking, however, Barclays closed only a net 4 higher at 568p. Turnover in the shares reached 14m, the highest since March this year.

The pace of recovery in provisions against bad debts was much quicker than analysts had expected and produced pre-tax profits of more than £1bn, against the most optimistic market estimates of around £770m. There was no real surprise in the 23 per cent increase in the interim dividend, which had been factored in by most leading analysts.

"These were super figures," commented one leading analyst, "much better than expected and almost entirely due to the figure for bad debts which was around 50 per cent better than expected."

The analyst pointed out that underlying operating profits at Barclays had come out better than those of National Westminster and that the market had [redacted] on the lack of growth in costs [redacted] Barclays. Full-year estimates were lifted to around the £2bn mark, with dividend forecasts increased to around 22p.

CU cash call

There [redacted] surprises [redacted] Union finally [redacted] the [redacted] acquisition of Group Victoire from Compagnie de Suez, the French financial services and holding company. The stock market had been on alert for a large fund-raising in CU for many weeks and had expected a rights issue last week.

Analysts said the market had been satisfied with the terms and the size of the rights offer, a one-for-eight call at 475p a share to raise £322m. News of the rights issue, a share sale to French investment bank Société Générale, and top-of-the-range interim profits of £181m, helped CU shares improve to 565p before closing a net 11 ahead at 563p.

Composite insurer General Accident touched 605p immediately following the top of the range interim figures, but subsequently fell to close a net 18 off at 590p as insurance specialists pointed [redacted] the group's limited [redacted] dividend growth

Late stories circulated in the [redacted] suggesting [redacted] final go-ahead for the new Hong Kong airport might have been granted by the Chinese authorities. The project involves an investment in excess of $20bn and the prospect gave a big push to companies heavily involved in the colony. Cable and Wireless rose 7 to 449p on very heavy turnover of 7.9m shares, while HSBC settled 5¼ firmer at 794½p after 6.5m traded.

NatWest Securities upgraded Cadbury Schweppes to a hold and the shares hardened 2 to 469p.

The broker was also advising clients not to chase Unilever ahead of second-quarter results due on Friday, although it remains positive on the stock in the longer term.

The Anglo-Dutch group is expected to produce a slight fall in profits, adversely affected by the costs of its new Persil launch and a detergent price war in the US. The shares retreated 18 to 1063p, mostly on concern over rumoured Unilever interest in buying Eastman Kodak's household products division. A price tag of between $1.7bn and $2bn has been mooted by analysts for the Kodak business.

Results announced and pending in the chemicals sector affected a number of stocks. Holliday Chemicals moved ahead 18 to 250p after reporting a 46 per [redacted] boost in half-year profits.

Hickson International improved 4 to 177p awaiting interim figures [redacted] for release today, [redacted] BOC [redacted] 10 [redacted] of third-quarter figures due [redacted]

[redacted] possibility that Reckitt & Colman [redacted] be [redacted] purchasing Eastman Kodak's household products division saw the [redacted] open [redacted] However, they maintained their level as the [redacted] off [redacted] ended [redacted] down [redacted] 605p.

Media conglomerate Pearson advanced 10 [redacted] speculation that a leading broker had upgraded [redacted] recommendation.

Consideration of [redacted] sparkling [redacted] from advertising [redacted] & Saatchi prompted [redacted] of optimism [redacted] today's [redacted] from WPP.

Analysts expect WPP, which has taken so much pain since it acquired Ogilvy & Mather just before the recession, to announce half-year profits of between £33m and £37.5m.

Saatchi rose in early trading but profit-taking sent the shares back to close [redacted] easier on [redacted] 174p. WPP jumped 13 to 123p.

[redacted] holiday [redacted] continued to exact [redacted] toll on shares of Airtours, the tour operator slipping 5 to 455p. Director share selling was said to be one reason behind a fall in Granada of 7 to 526p.

Reverberations from Monday's strong consumer lending figures were still being felt [redacted] stocks. Kingfisher added 2 at 517p, as did Marks and Spencer, at 433p.

The shock announcement that Upton and Southern, the northern-based retailer, is to consider legal action against the directors of the Reject Shop chain, which Upton bought for [redacted] only six months ago, shook the shares.

Upton, which said Reject's expected losses would be significantly greater than originally forecast, plummeted 12 to 14p, although [redacted] reported institutional buying towards the [redacted]

[redacted] group Cookson advanced [redacted] following [redacted]

Engineering concerns Glyn[redacted] International and TI Group [redacted] a [redacted] recommendation from [redacted] The former [redacted] up 13 [redacted] the latter slipped [redacted]

Investors in industrial group Charter, [redacted] 9 [redacted] 745p, [redacted] cheered by news that the company will [redacted] £260m bid for Esab, the Swedish welding equipment concern, after several investors in Esab said they will reject the offer.

BPP Holdings forged [redacted] 25 to 215p as the education and training group reported improved interim figures.

International conglomerate Hanson hardened 2 to 263p in hefty trade of 9.7m, with S.G. Warburg reported to have recommended the shares.

Clothes and furnishings group Laura Ashley, off 2 at 69p, was said to be denying press reports of a takeover by Hugo Boss, of Germany.

Enterprise Oil suffered from further selling pressure and switching into Lasmo, a course recommended by Kleinwort Benson, with the former closing a net 3 cheaper at 422p, after 418p. Lasmo settled 1¼ easier at 154½p.

MARKET REPORTERS:
[redacted] Thompson,
Christopher [redacted]
Peter John, Joel Kibazo.

■ Other statistics, Page 16

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS ([redacted]).
BUILDING & CNSTRN (2) Hawtock Europe, Sheriff, BLDG MATLS & MCHTS (2) Halstead (J.), St. Gobain, CHEMICALS (2) Holliday Chemical, ICI, DIVERSIFIED INDLS (3) Porter Chadburn, Sime Darby, ELECTRNC & ELECT EQUP (7) Acorn Computer, Alba, Critchley, Domino Prntg Scien., TGI, Tadpole Tech., Unitech, ENGINEERING (7) Apollo Metals, Bristan, Castings, Expamet Int'l., Ransomes S'ep Pt., Thyssen, UMECO, ENG. VEHICLES (2) GKN, Laird, EXTRACTIVE INDS (2) INVESTMENT TRUSTS (1) INVESTMENT COMPANIES (2) MEDIA (2) Bloomsbury Pblsg., Metro Radio, OIL EXPLORATION & PROD (1) Sun Resources, OIL, INTEGRATED (1) Norsk Hydro, OTHER SERVS & BUSNS (4) PHARMACEUTICALS (1) PRTNG, PAPER & PACKG (1) PROPERTY (3) CLS, Capital Shop Centres, RETAILERS, FOOD (1) Greggs, RETAILERS, GENERAL (1) Etam, SPIRITS, WINES & CIDERS (1) Matthew Clark, SUPPORT SERVS (2) TEXTILES & APPAREL (3) Bridport-Gundry, Hicking Pentecost, AMERICANS (1) CANADIANS (1).

NEW LOWS (28).
BLDG MATLS & MCHTS (2) Esplaura, Wickes, DISTRIBUTORS (1) Bletchley Motor, ELECTRNC & ELECT EQUP (2) LPA Industries, Vtech, ENGINEERING (2) Concentric, Harting, HEALTH CARE (2) Cobis Int'l., Environmed, HOUSEHOLD GOODS (2) Le Creuset, Tomkinsons, MEDIA (2) Quarto, WPP, OIL EXPLORATION & PROD (1) Europa Energy, OTHER FINANCIAL (1) London Forfaiting, PHARMACEUTICALS (1) Chiroscience, PRTNG, PAPER & PACKG (3) API, Brit. Thornton, Sonic, PROPERTY (1) Regal Props. 7 1/2pc Ln 2020, RETAILERS, GENERAL (1) Upton & Southern, SUPPORT SERVS (2) Oxford Molecular, Sungard Data, TEXTILES & APPAREL (3) Albion, Beckman (A), AMERICANS (1) Malvy Technology.

EQUITY FUTURES AND OPTIONS TRADING

Active arbitrage trading was the main feature in stock index futures in a session which saw the near month contract attempt to break through the 3,200 level, *writes Joel Kibazo*.

After opening at 3,192, the September futures contract on the FT-SE 100 advanced to 3,198 on active buying from independents (locals) in the first hour of trading.

A setback in the bond markets brought sellers to the fore and September went into decline, falling to below its fair value premium to cash in the late morning.

Dealers took the opportunity of weakness in the contract to arbitrage with the cash market, with many of the deals taking the form of cheap buying of the contract to sell stock. This in turn led the cash market [redacted]

September fell to [redacted] low for the day of 3,157 after lunch before steadying with the tentative start to trading on Wall Street. It closed at 3,174, down 11 points from its previous close and at parity with its fair value premium to cash of about 10 points. Volume, at 11,369, was a significant improvement on Monday's level.

There was little change in turnover in the traded options, where 26,169 lots were dealt, just shy of Monday's closing total. Some 11,126 contracts were traded in the FT-SE 100 option and Hanson led the way among the stock options with volume of 2,717 contracts.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3167) £10 per full index point

Calls 3,930 Puts 5,057

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

Calls 624 Puts 517 * Underlying index value. Premiums shown are based on settlement prices. † [redacted] months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

FT - SE Actuaries Share Indices — The UK Series

	Aug 9	Day's chge%	Aug 8	Aug 5	Aug 4	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	[redacted]	-0.1	3171.9	[redacted]	3150.5	[redacted]	3.90	6.66	17.70	83.18	[redacted]
FT-SE Mid 250	3726.4	-0.1	[redacted]	[redacted]	[redacted]	[redacted]	3.31	5.66	[redacted]	63.11	[redacted]
FT-SE Mid 250 ex Inv Trusts	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	20.17	66.35	1360.26
FT-SE-A 350	[redacted]	-0.1	1601.1	[redacted]	1590.0	[redacted]	[redacted]	[redacted]	[redacted]	40.54	1290.73
FT-SE SmallCap	[redacted]	+0.2	1867.58	1862.97	1857.34	1698.39	[redacted]	[redacted]	31.73	34.47	[redacted]
FT-SE SmallCap ex Inv Trusts	1839.59	+0.2	1835.03	1830.48	1823.25	1686.58	[redacted]	[redacted]	29.35	35.43	[redacted]
FT-SE-A ALL-SHARE	[redacted]	-0.1	1587.71	1584.81	1576.86	1476.65	3.75	6.24	19.05	39.45	1241.63

■ FT-SE Actuaries All-Share

	Aug 9	Day's chge%	Aug 8	Aug 5	Aug 4	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	2740.90	-0.1	2742.91	2749.34	2728.04	2257.80	[redacted]	[redacted]	29.44	[redacted]	1092.10
12 [redacted]	3971.56	-1.0	[redacted]	3986.41	[redacted]	[redacted]	[redacted]	5.07	24.70	54.24	[redacted]
15 [redacted] Integrated(3)	[redacted]	+0.2	2576.86	2557.36	2564.95	2197.50	[redacted]	[redacted]	[redacted]	58.99	1092.24
16 Oil Exploration & Prod(11)	2019.63	-0.7	2034.09	2031.75	2008.14	1795.50	2.39	1.21	80.00†	20.34	[redacted]
20 GEN [redacted]ACTURERS(264)	[redacted]	-0.2	2072.08	2063.26	2055.86	1897.50	[redacted]	[redacted]	27.26	[redacted]	[redacted]
21 [redacted] & Construction(32)	[redacted]	—	1195.65	1194.96	1189.02	1117.50	3.23	[redacted]	28.10	20.81	929.38
22 Building Matls & Merchs(31)	2044.30	-0.8	[redacted]	2044.48	2024.66	1761.70	[redacted]	[redacted]	32.24	45.71	[redacted]
23 Chemicals(22)	[redacted]	-0.3	[redacted]	2548.44	2544.38	2204.50	[redacted]	3.94	[redacted]	[redacted]	[redacted]

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

TRADING VOLUME

■ Major Stocks Yesterday

LONDON EQUITIES

LIFFE EQUITY OPTIONS

FT GOLD MINES INDEX

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	56	13
Other Fixed Interest	0	0	15
Mineral Extraction	63	24	93
General Manufacturers	148	132	368
Consumer Goods	36	45	106
Services	104	67	315
Utilities	14	17	14
Financials	113	68	197
Investment Trusts	71	102	294
Others	70	15	47
Totals	639	536	1482

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	[redacted]	[redacted]	[redacted] 10
Last Dealings	August 19	[redacted]	[redacted] 24

Calls: Alliance Res., Arcon Intl., Bullers, Crossroads Oil, Euro Disney, Minmet, [redacted] Tullow [redacted] Waverley Mining. [redacted] Waverley [redacted] Put & Call: [redacted]

LONDON RECENT ISSUES: EQUITIES

RIGHTS OFFERS

Issue price p	Amount paid up	[redacted]	High	Low	Stock	Closing price p	+/-
[redacted]	Nil	24/8	1½pm	1¼pm	BCE	1¼pm	-¼
[redacted]	Nil	2/9	[redacted]	1½pm	Bolton	1½pm	
85	Nil	[redacted]	12pm	[redacted]	[redacted]	[redacted]	
–	Nil	–	6pm	4pm	Freeport	5pm	
15	Nil	22/9	4pm	3pm	Hartstone	[redacted]	
60	Nil	[redacted]	11pm	[redacted]	P & P	6pm	-1
[redacted]	[redacted]	12/9	2½pm	[redacted]	[redacted]	2½pm	+½
1¼	Nil	–	¼pm	¼pm	Surrey Group	¼pm	
190	Nil	[redacted]	23pm	[redacted]	Waddington (J)	18pm	

FINANCIAL TIMES EQUITY INDICES

	Aug 9	Aug 8	Aug 5	Aug 4	Aug 3	Yr ago	*High	*Low
Ordinary Share	2474.1	2477.0	2471.1	2461.8	2463.4	2380.3	2713.6	2240.6
[redacted] div. yield	4.08	4.07	[redacted]	4.10	4.10	[redacted]	[redacted]	3.43
Earn. yld. % full	[redacted]	5.47	[redacted]	5.51	[redacted]	[redacted]	5.95	[redacted]
P/E [redacted]	[redacted]	[redacted]	[redacted]	19.36	[redacted]	[redacted]	33.43	[redacted]
P/E ratio nil	20.03	20.26	20.20	20.13	20.13	25.06	[redacted]	[redacted]

*For 1994. Ordinary Share Index since compilation: high [redacted] 2/02/94; low 49.4 26/6/40
FT Ordinary Share Index base date 1/7/35.

Ordinary Share hourly [redacted]

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2487.1	2484.7	2474.1	2470.4	2473.6	2471.0	2466.4	2468.0	2472.6	2488.2	2466.0

	Aug 9	Aug 8	Aug 5	Aug 4	Aug 3	Yr ago
SEAQ bargains	27,840	28,206	[redacted]	26,316	30,076	37,882
Equity [redacted] (£m)†	-	[redacted]	[redacted]	[redacted]	1610.1	1566.0
[redacted]	-	30,577	[redacted]	30,382	[redacted]	[redacted]
Shares [redacted] (m)†	-	458.4	522.1	584.7	596.6	643.7

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£22⅛	-⅛	£25⅛	£20⅛	[illegible]	5.0	ф
ANZ A$		188½	+¼	278¼	179¼	[illegible]	[illegible]	[illegible]
Abbey National	†N	398	-2	523	381	[illegible]	[illegible]	[illegible]
Allied Irish £	♣†N	258	-2	314	234	[illegible]	[illegible]	[illegible]
Anglo Irish £	N	57	....	*70	50	[illegible]	[illegible]	[illegible]
Asahi Y		776¼	-3¼	819¼	628	[illegible]	[illegible]	ф
Banco Bil Viz Pta		£16⅛	-⅛	£16⅛	£14½	[illegible]	[illegible]	8.7
Banco Sant Pta		£28¼	+⅛	*£30½	£23¼	[illegible]	[illegible]	10.0
Bk Ireland £	♣N	278	-1	*318	248	[illegible]	4.7	8.0
Bank Scotland	♣N	186	-1	247	172½	[illegible]	3.4	15.1
9¼pc Pf		114¼	-¼	141½	114	[illegible]	10.1	-
9¾pc Pf		120	-¼	148½	119¼	[illegible]	10.2	-
Barclays	♣†N	558	+4	640	487	9,241	3.7	21.2
Dai Ichi Kan Y		£12⅛	-⅛	£12½	£10⅛	37,812	0.5	-
Deutsche DM		£301⅛	+⅛	£344¼	£270⅛	14,369	2.2	-
Espirito Santo		[illegible]	+⅛	*£13⅛	£8⅛	211.9	3.0	4.0
First Nat Fin	N	68xd	....	*90	60	111.4	2.8	-
6 3pc Cv Pf		77	....	*80	77	5.18	10.2	-
7pc Cv Pf		125½	....	171	123	59.8	[illegible]	-
Fuji Bank Y		1494¼	+3¼	1549¼	1152½	43,287	[illegible]	ф
HSBC Hk	N	808	+3	1133	680	14,140	[illegible]	11.7
HSBC (75p Shs)	N	794½	+6½	1113	680	6,763	3.7	11.5
Lloyds	†N	549xd	-2	660	519	7,104	5.2	10.8
Mitsubishi Y		£16⅛	+⅛	[illegible]	£15⅛	48,520	0.3	ф
Mits Tst & Bk Y		1022½	+11¼	[illegible]	687½	12,291	0.5	16.1
Mitsui Tst & Bk Y		797¼	+10½	[illegible]	514	9,555	0.7	26.6
Nat Aust A$	†	528½	+2¼	620¼	489¼	7,076	5.4	10.9
NatWest	†N	459xd	-9	622	421	7,537	5.3	10.5
Ottomane FFr		£23½	....	£33	£23½	117.5	6.2	ф
Ryl Bk Scotland	♣†N	393	-3	528	377½	3,144	3.8	17.8
Sakura Y		£9⅛	-⅛	£9½	£8⅛	29,849	0.6	55.0
Sanwa Y		£14½	-⅛	£15⅛	£11⅛	40,609	0.4	ф
Standard Chartd	N	275	-5	*389¼	223	2,642	2.7	12.1
7 3/8pc Prf		92	-½	108½	89¼	92.0	10.0	-
Sumitomo Y		£12⅛	+⅛	£18⅛	£11½	40,639	0.4	27.2
Sumitomo Tst Y		940½	-13	1148½	625	11,698	0.6	ф
TSB	†N	215	+2½	291	197	3,281	4.8	10.7
Tokai Y		£9⅛	+⅛	£9	£8⅛	17,440	0.7	53.1
Toyo Tst & Bk Y		815¼	-15½	852	580¼	6,408	0.6	71.2
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yasuda Tst & Bk Y		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

هكذا وُجد الأصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1994 high	low	Yld Gr's	NAV	Dis or Pm(-)
Pilot Inv	N□	136	–	153	125½	1.4	134.1	-1.4
Warrants	□	58	–	69	44	–	–	–
Piper Euro Smlr	□	96	–	96	91	–	93.5	-2.6
Warrants	□	35	–	36	33	–	–	–
Primadona		290	–	291	251	1.9	310.3	6.5
Paradigm Intl	♣N□	238	+1	*276	208	1.8	253.4	6.1
Warrants		60	–	140	78	–	–	–
RIT Capital	♣N□	181	–	189	164½	1.9	222.5	18.7
2½pc Cv Ln 2000		£180½	–	£198½	£170½	1.4	–	–
Radiotrust	□	80	–	88	70	–	74.3	-7.1
Rights & Iss Inc	N	155xd	–	164	153	7.3	–	–
Cap	N	505	–	535	440	2.2	534.2	5.5
Riv & Merc Am Inc	N	107	–	121	106	8.1	–	–
Cap	□	32½	–	38	30	–	41.8	22.2
Warrants		14	–	17	13	–	–	–
Riv & Mer Ext	N□	126xd	-1	147	[illegible]	7.7	114.6	-9.0
Warrants		29	-1	49	[illegible]	–	–	–
Zero Div Pf		110½	–	118½	110	–	–	–
Riv & Mer Geared	N	100	–	115	90	9.4	–	–
Prfd Cap 1999		26½	–	35	23	–	35.3	24.9
Riv & Merc Smlr	N□	130	-1	170	118	3.8	138.3	6.0
Warrants		45	–	77	32	–	–	–
Riv & Merc Tst Inc	N□	116	–	127	114	10.1	–	–
Cap	□	138	–	150	118	–	198.7	30.5
Warrants		32	–	40	30	–	–	–
Do. Stppd Prf	N	151½	–	163	149½	4.9	–	–
River Plate Inc	N□	108	–	113	106	10.2	–	–
Cap	□	90	-1	118	80	–	139.5	35.5
Warrants		4	–	11	4	–	–	–
Zero Div Pf		88	–	88	83¼	–	–	–
St Andrew	KN	317	–	348	280	3.1	332.2	4.6
St David's Inc	KN	140xd	–	142	124	13.4	–	–
Cap		180	–	223	166	–	279.0	35.5
Zero Prf		146	–	151½	142½	–	–	–
Saracen Value	□	95	–	99	81	–	96.8	1.9
Warrants	□	29	–	43	20	–	–	–
SPLIT Inc		185	–	210	170	22.6	–	–
Cap		1178	-5	1235	1055	–	1367.5	14.4
Schroder UK Grwth	□	95	–	99	90½	–	93.8	-1.3
Warrants	□	38	–	38	33	–	–	–
Schroder Split Inc	N□	118½	+½	129	108	7.6	–	–
Capital	□	33½	–	37	27½	–	81.6	69.9

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£27	–	£27½	£13½	1,769	2.7	[illegible]
Barlow	Z	641½	–	691½	531½	633.6	0.7	–
Gold Flds Prop R		112	–	113	76	11.8	6.4	♦
MK Props	§	55	–	55	55	3.42	10.5	34.9
SASOL	♥	384	–	403	280	2,239	3.8	–
SA Brews		£12¼	+¼	£15⅛	£10	3,483	2.2	[illegible]
Tiger Oats	†	613	–	638	528	921.6	2.8	[illegible]
Tongaat-Hulett		681	–	*739¼	427½	517.2	2.3	[illegible]

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service [illegible] by Extel Financial, a member of the Financial Times Group.

Company classifications are based on [illegible] used for the FT[illegible] Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earni[illegible]ed on latest annual reports and accounts and, where possible, [illegible]dated on interim figures. P/Es are calculated on "net" distribution[illegible] earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or [illegible]
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ✻ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on SMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip [illegible]
xr ex rights;
xa ex all;
xR ex capital [illegible]

This service is available to companies [illegible] are regularly traded in the United Kingdom for a fee o[illegible] year for each security shown, subject to the Editor's d[illegible]

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT8842. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availabilty.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for ca[illegible] outside the UK, annual subscription £250 stg. Call 071-873 4378 (+44 71 873 4378, Internatio[illegible] for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1100)F

AXA Equity & Law Unit Tst Mngrs (1100)H

Abbey Unit Tst Mngrs (1000)H

Aberforth Unit Trust Managers Ltd (1100)H

Abtrust Unit Trust Managers Ltd (1200)H

Acorn Fund Managers Ltd (1200)F

AEGON Unit Trusts Ltd (1000)F

Allchurches Inv Mgmt Servs Ltd (1200)F

Allied Dunbar Unit Tsts PLC (1600)F

Capital House Unit Tst Mgrs (1200)F

Fidelity Investment Servs Ltd - Contd.

Fleming Private Fund Mgmt Ltd (1100)F

Foreign & Colonial Unit Mgt (1200)F

Granville Unit Tst Mngmt Ltd

Guardian Royal Ex Unit Mgrs Ltd

Guinness Flight Unit Tst Mgrs Ltd (1200)F

Lazard Unit Tst Mngrs Ltd (1200)F

Mercury Fund Managers Ltd - Contd.

Prolific Unit Tst Mngrs Ltd (1100)F

Schroder Unit Trusts Ltd - Contd.

Painton York UT Mngrs Ltd

Portfolio Fund Managers Ltd (0900)F

Premium Life Ltd (1400)F

Principal Unit Trust Mngrs Ltd (1600)F

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

INSURANCES

FT MANAGED FUNDS SERVICE

■ FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Thornton Unit Managers Ltd - Contd.

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mngmt Ltd (0630)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd

CAF – Charity Money Management

CIS Unit Trust Managers Ltd

INSURANCES

Abbey National Life Plc

Aceme Life Assurance Ltd

AEGON Life Assurance Co (UK) Ltd

Clerical Medical/Fidelity Investments

Friends Provident - Contd.

Lancashire & Yorkshire Assce Society

MGM Assurance (z)

Norwich Union Life Insurance Soc. - Contd.

Prudential Individual Pension Funds

FT MANAGED FUNDS SERVICE

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Scottish Mutual Assurance plc - Contd.

Scottish Provident Group

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Group

Sun Alliance Group - Contd.

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Target Life Assurance Co Ltd

Tyndall Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Albany International Assurance Ltd

Allied Dunbar International Assce Ltd

CMI Insurance Co Ltd

Century Life International Ltd

Eagle Star Intl Life

Equitable Life (International)

Friends Provident International

Guardian International Ltd

Isle of Man Assurance Ltd

Royal Life International

Royal Skandia Life Assurance Ltd

Scottish Provident Intl Life Ass Ltd

Sun Alliance International Life

Sun Life International (IOM) Ltd

MANAGEMENT SERVICES

Capital Trust Financial Management

Chase de Vere PLC

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

Lazard Freres Asset Management (CI) Ltd

Coutts & Co Fund Managers Limited

Kleinwort Benson Capital Mngt (Ireland) Ltd

Morgan Grenfell Fund Income Funds Plc

Gartmore Fund Mngrs Intl Ltd - Contd.

John Govett (Channel Islands) Ltd

Hill Samuel Fund Mngrs (Jsy) Ltd

Lloyds Bank (CI) U/T Mgrs.

Midland Bank Fund Managers (Jersey) Ltd

Prudential Fund Managers (Jersey) Ltd

Royal Bank of Canada (Jsy) Fd Mgt Ltd

Standard Bank Fund Mngmt (Jersey) Ltd

TSB Trust Funds (CI)

Barclays Intl Funds

Fleming Group

Jupiter Tyndall (Jersey) Ltd

Lloyds Private Banking (CI) Ltd

Royal Bank of Canada Intl Fd Mgt Ltd

Schroder Mngt Services (Jersey) Ltd

TSB Trust Funds (CI)

Warburg Asset Management Jersey Ltd

Worldinvest (Managers) Jersey Ltd

هكذا في الاصل

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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071 [illegible] more details.

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

OTHER OFFSHORE FUNDS

CURRENCIES AND MONEY

MARKETS REPORT

Kiwi dollar jitters

The US dollar yesterday [illegible] in a narrow [illegible] markets waited [illegible] assess the success [illegible] the quarterly Treasury refunding programme, [illegible] *Philip Gawith.*

For much [illegible] 1994 the dollar and US bond [illegible] have moved in tandem and an unsuccessful auction could put downward pressure on the dollar.

The dollar closed [illegible] London at DM1.582 from DM1.5811 on Monday. Against [illegible] it finished at Y101.2 from Y101.345.

Volumes were generally [illegible] with [illegible] stuck in [illegible] lustre summer rut. Most of [illegible] excitement [illegible] generated by the New Zealand dollar, which weakened on fears of a possible government defeat in [illegible] weekend Selwyn by-election, and the weaker Italian lira which again broke [illegible] L1,000 barrier against the D-Mark.

Sterling [illegible] steady day with the [illegible] ignoring May [illegible] figures which [illegible] in line [illegible] market forecasts. The pound [illegible] at [illegible] from [illegible]

In Europe the D-Mark [illegible] generally [illegible] finishing higher, inter alia, against the French franc, lira and [illegible] krona.

■ The New [illegible] been [illegible] of the better [illegible] Anglo [illegible] world, combining high growth with negligible inflation. [illegible] Bank Corporation estimates [illegible] inflation will [illegible] 1.4 [illegible] with growth [illegible] about [illegible]

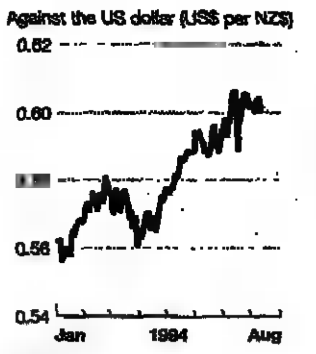
Other plus factors [illegible] a strong [illegible] position, [illegible] anticipated surplus being [illegible] to [illegible] debt, and [illegible] independent central bank [illegible] policy transparency [illegible] appreciated by [illegible]

[illegible] factors that lie behind the [illegible] strength of [illegible] "kiwi" dollar which has risen by about 7 per cent, from the [illegible] level in January against [illegible] dollar, to around $0.60 currently.

Yesterday, however, [illegible] suffered [illegible] jitters [illegible] poll suggested [illegible] the National party [illegible] government might lose [illegible] weekend by-election that it must win to keep its one [illegible] majority in parliament.

New Zealand dollar

Against the US dollar (US$ per NZ$)



Source: FT [illegible]

■ **Pound in New York**

Aug 9	—Latest—	— Prev. close —
£ spot	1.5385	[illegible]
1 mth	1.5377	[illegible]
3 mth	1.5361	[illegible]
1 yr	1.5278	[illegible]

The kiwi [illegible] in London at [illegible] from $0.6046.

[illegible] Jim Bolger, prime minister, aggravated [illegible] he predicted [illegible] Party won. He [illegible] it [illegible] the spectre of [illegible] falling dollar and higher inter[illegible] inflation.

"Essentially [illegible] in Selwyn [illegible] most important by-election this country [illegible] faced," said Mr Bolger.

Analysts [illegible] expected the [illegible] Party [illegible] hold [illegible] should buy [illegible] currency, as [illegible] weakness [illegible] political [illegible] than [illegible] considerations.

■ The [illegible] following [illegible] of political [illegible] unnerved by [illegible] row [illegible] the [illegible] prime minister, Mr [illegible] Berlusconi, [illegible] Mr [illegible] Bossi, [illegible] Northern league [illegible] partner.

The [illegible] had [illegible] in controversial TV advertisements, criticised by [illegible] Bossi, in which the government sought [illegible] in office [illegible]

The lira [illegible] again on [illegible] wrong [illegible] L1,000 [illegible] against [illegible] D-Mark, finishing [illegible] L1,001 from [illegible] Monday. Commentators [illegible] pre[illegible] parliamentary recess would help Italian financial assets by lowering [illegible] political temperature. The [illegible] est squabble has [illegible] their pre[illegible]ons.

■ The Bank of Japan stressed that it had not changed its monetary policy stance following a recent run-up in money market [illegible] Benchmark three-month yen [illegible] of deposit were issued [illegible] 2.3 per cent, the highest rate since mid –March.

The Bank said the recent rises reflected strong demand for funds [illegible] of end–September corporate book closures, and slight changes in the interest rate outlook.

Mr Keith Edmonds, [illegible] analyst at IBJ International in London, said the next move in Japanese short-term [illegible] would "certainly be up, but that move is some way off." He said that if the recent rise in rates was the result of an economic upturn, this would probably shrink Japan's current account surplus, leading to significant yen weakness.

Ahead of the treasury auction Mr Michael Burke, international economist [illegible] Citibank, [illegible] risk [illegible] was [illegible] the down[illegible] He [illegible] Treasury had [illegible] to sell and investors [illegible] not have much appetite to add to their holdings.

Disinflationary forces, [illegible] as low and falling oil and commodity prices, appeared to be unwinding and putting upward pressure on inflation and interest rates.

■ In the UK the [illegible] markets [illegible] fairly quiet. The December short sterling contract traded 21,530 lots and finished [illegible] 93.44 from 93.40. In the cash markets three month sterling LIBOR firmed [illegible] to trade at $5\frac{1}{8}$ from 5%.

In its daily operations the Bank of England provided £474m liquidity, at established rates, to the market after forecasting [illegible] shortage. Overnight [illegible] between 3 per cent and [illegible] per cent.

■ **OTHER CURRENCIES**

Aug 9	£	$
Hungary	166.462 - 166.881	108.170 - 108.270
Iran	2696.00 - 2699.00	1748.00 - 1750.00
Kuwait	0.4590 - 0.4600	0.2985 - 0.2989
Poland	35078.0 - 35139.0	22795.0 - 22825.0
Russia	3204.81 - 3215.39	2082.00 - 2089.00
U.A.E.	5.6456 - 5.6570	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Aug 9		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.1239	[illegible]	161 - 316	17.1761	17.1114	[illegible]	[illegible]	17.1077	0.4	-	-	115.1
Belgium	(BFr)	50.1455	-0.0621	033 - 877	50.3310	50.0660	50.1455	0.0	50.1705	-0.2	49.8205	0.6	[illegible]
Denmark	(DKr)	9.5926	+0.0008	867 - 988	9.6088	9.5834	[illegible]	-0.6	9.607	-0.6	9.6599	-0.7	[illegible]
Finland	[illegible]	[illegible]	+0.0025	968 - 159	8.0160	[illegible]	-	-	-	-	-	-	[illegible]
France	(FFr)	[illegible]	-0.0032	406 - 475	8.3592	8.3298	8.347	-0.4	8.3453	-0.1	8.3056	0.5	[illegible]
Germany	[illegible]	2.4349	-0.0031	339 - 358	[illegible]	[illegible]	[illegible]	0.0	2.432	[illegible]	2.4055	1.2	125.5
Greece	(Dr)	[illegible]	-0.835	542 - 984	368.462	366.953	-	-	-	-	-	-	-
Ireland	(I£)	1.0096	-0.0009	097 - 106	1.0119	1.0083	[illegible]	-0.1	1.01	-0.1	1.0104	-0.1	104.8
Italy	(L)	2438.40	+6.28	707 - 972	2440.16	2431.06	[illegible]	-3.3	2456.95	[illegible]	[illegible]	[illegible]	75.9
Luxembourg	(LFr)	[illegible]	-0.0621	033 - 877	50.3310	50.0660	50.1455	0.0	50.1705	-0.2	49.8205	[illegible]	[illegible]
[illegible]	(Fl)	2.7362	[illegible]	348 - 375	[illegible]	2.7317	2.7359	0.1	2.7326	0.5	2.705	1.1	[illegible]
Norway	[illegible]	10.6466	-0.0046	426 - 506	10.6701	10.6222	10.6436	[illegible]	[illegible]	-0.3	[illegible]	0.1	86.4
Portugal	(Es)	247.403	-0.474	270 - [illegible]	248.237	247.239	[illegible]	-6.4	[illegible]	-7.9	-	-	-
[illegible]	(Pta)	200.105	-0.386	998 - 212	200.699	199.868	200.615	-3.1	201.295	-2.4	203.19	-1.5	86.5
[illegible]	[illegible]	11.9847	+0.0694	762 - 932	12.0026	11.8982	12.0062	-2.2	12.0567	-2.4	12.2772	-2.4	[illegible]
Switzerland	(SFr)	2.0538	-0.0022	528 - 548	[illegible]	2.0506	2.0523	0.9	2.0479	1.2	2.0168	1.8	120.6
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.4
Ecu	-	[illegible]	-0.0004	738 - 755	[illegible]	[illegible]	1.2755	[illegible]	1.2761	-0.4	1.2771	-0.2	-
SDR†	-	0.937650	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5379	-0.0017	374 - 384	[illegible]	[illegible]	-	-	-	-	-	-	-
Brazil	(R)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-	-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.1230	[illegible]	[illegible]	[illegible]	2.1201	[illegible]	2.1289	-0.5	86.4
Mexico	[illegible]	5.2154	-0.0061	111 - 197	[illegible]	5.2009	-	-	-	-	-	-	-
[illegible]	[illegible]	1.5392	-0.0026	388 - [illegible]	[illegible]	[illegible]	[illegible]	0.5	[illegible]	[illegible]	[illegible]	0.7	[illegible]
Pacific/Middle East/Africa													
Australia	[illegible]	[illegible]	-0.0089	722 - 745	[illegible]	[illegible]	2.0733	0.0	[illegible]	[illegible]	2.0829	-0.9	-
Hong Kong	[illegible]	[illegible]	-0.022	874 - 943	11.9011	11.8540	[illegible]	0.4	[illegible]	0.2	[illegible]	0.0	-
India	(Rs)	[illegible]	-0.0855	683 - 960	[illegible]	[illegible]	-	-	-	-	-	-	-
Japan	(Y)	[illegible]	-0.512	650 - 874	[illegible]	[illegible]	155.372	8.0	154.477	3.5	150.012	3.7	187.1
Malaysia	[illegible]	3.9666	[illegible]	649 - 682	[illegible]	3.9567	-	-	-	-	-	-	-
[illegible]	(NZ$)	2.5625	+0.0118	608 - 641	2.5641	2.5481	[illegible]	-1.8	[illegible]	-1.6	[illegible]	-1.5	-
Philippines	(Peso)	40.4798	-0.2291	627 - [illegible]	40.7968	40.1627	-	-	-	-	-	-	-
Saudi Arabia	[illegible]	5.7724	-0.0106	708 - 739	5.7776	5.7540	-	-	-	-	-	-	-
Singapore	[illegible]	2.3172	-0.0035	159 - 185	2.3185	2.3113	-	-	-	-	-	-	-
S Africa (Com.)	(R)	[illegible]	-0.0111	586 - 614	[illegible]	[illegible]	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.0801	+0.0254	631 - 971	7.0971	7.0255	-	-	-	-	-	-	-
South Korea	(Won)	1238.48	-0.29	889 - 007	1240.28	1235.80	-	-	-	-	-	-	-
Taiwan	(T$)	[illegible]	-0.1124	[illegible]	40.8122	40.5949	-	-	-	-	-	-	-
Thailand	(Bt)	38.5965	-0.0484	623 - 107	38.6130	38.4850	-	-	-	-	-	-	-

†SDR rate for Aug 8. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average [illegible] = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Aug 9		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	11.1255	[illegible]	[illegible]	11.1725	[illegible]	11.1257	0.0	[illegible]	[illegible]	11.0405	[illegible]	104.1
Belgium	(BFr)	32.5600	+0.02	600 - 000	32.7550	32.5300	32.5955	-0.6	32.62	-0.5	32.655	-0.2	[illegible]
Denmark	(DKr)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.4	[illegible]	-1.4	[illegible]	-1.1	105.0
Finland	(FM)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.2	77.2
[illegible]	(FFr)	[illegible]	+0.0079	202 - 222	[illegible]	[illegible]	[illegible]	-1.0	[illegible]	-0.7	[illegible]	[illegible]	[illegible]
[illegible]	(D)	[illegible]	[illegible]	817 - 822	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(Dr)	238.900	-0.1	850 - 950	239.690	238.600	[illegible]	-2.0	[illegible]	-2.0	243.4	-1.9	[illegible]

[illegible]

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Aug 9		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£
Belgium	(BFr)	[illegible]	[illegible]	16.64	4.855	2.012	4861	5.456	21.24	493.3	399.0	23.69	4.096	1.994
Denmark	(DKr)	82.28	[illegible]	[illegible]	2.538	1.062	2541	[illegible]	11.10	257.9	208.6	12.49	[illegible]	1.042
France	(FFr)	60.10	11.60	[illegible]	2.918	1.208	2922	3.279	12.76	296.5	239.8	14.38	2.462	1.198
Germany	(DM)	20.60	3.940	3.427	1	[illegible]	1001	[illegible]	4.374	101.6	82.18	4.920	[illegible]	0.411
Ireland	(I£)	49.70	9.507	8.270	[illegible]	1	[illegible]	2.712	10.56	245.2	198.3	11.87	2.036	0.991
Italy	(L)	2.057	0.393	0.342	0.100	[illegible]	100.	[illegible]	0.437	10.15	8.208	[illegible]	[illegible]	[illegible]
Netherlands	(Fl)	18.33	3.506	3.050	[illegible]	0.369	891.1	1	3.893	90.42	[illegible]	4.379	0.751	0.365

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

WORLD INTEREST RATES

MONEY RATES

[illegible]

EURO CURRENCY INTEREST RATES

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williman Secs	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	TSB	5.25
Bank of Baroda	5.25	Girobank	5.25	●United Bk of Kuwait	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	Unity Trust Bank Plc	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Western Trust	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Whiteaway Laidlaw	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Yorkshire Bank	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25		
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai.	5.25		
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank.	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of London Investment Banking Association
* In administration

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Aug 9 / Sch)

BELGIUM/LUXEMBOURG (Aug 9 / Frs.)

DENMARK (Aug 9 / Kr)

FINLAND (Aug 9 / Mkk)

FRANCE (Aug 9 / Frs.)

GERMANY (Aug 9 / Dm.)

ITALY (Aug 9 / Lire)

NETHERLANDS (Aug 9 / Fls.)

NORWAY (Aug 9 / Kroner)

SPAIN (Aug 9 / Pts.)

SWEDEN (Aug 9 / Kronor)

SWITZERLAND (Aug 9 / Frs.)

PACIFIC

JAPAN (Aug 9 / Yen)

AUSTRALIA (Aug 9 / Aust$)

HONG KONG (Aug 9 / H.K.$)

MALAYSIA (Aug 9 / MYR)

SINGAPORE (Aug 9 / S$)

NORTH AMERICA

CANADA

TORONTO (Aug 9 / Can $)

4 pm close

MONTREAL (Aug 9 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Aug 9 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). s Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Tuesday, August 9, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sumitomo Mtl	13.7m	323	+3	Showa Denko	3.4m	387	+6
Nippon Steel	7.8m	388	-1	UBE Inds	2.8m	410	+5
Kawasaki Steel	5.0m	415	+4	Toshiba	2.7m	776	+9
NKK	4.7m	281	-3	Nitsuko	2.7m	1520	-20
Mitsubishi Hvy	3.5m	808	-4	Nippon Paper	2.5m	759	

INDICES

	Aug 9	Aug 8	Aug 5	1994 High		1994 Low	
Taiwan Weighted Pr.(30/6/66)	6944.91	(c)	6919.21	6944.91	9/8	5194.63	19/3
Thailand Bangkok SET (30/4/75)	1406.33	1414.04	1418.60	1753.73	4/1	1196.50	4/4
Turkey Istanbul Comp.(Jan 1986)	(c)	22327.0	22015.9	28883.80	13/1	12980.70	24/3
WORLD MS Capital Int (1/1/70)§	626.6*	630.9	630.9	641.80	1/2	591.60	4/4
CROSS-BORDER Eurotrack 100(26/10/90)	1393.35	1409.19	1406.12	1540.18	31/1	1300.46	21/6
Euro Top-100 (26/6/90)	1225.61	1238.58	1238.92	1311.01	2/2	1143.06	21/6
JCapsIOrgns (31/12/88)	(c)	328.98	328.48	365.19	5/1	290.28	21/3
Barings Emerg.(7/1/92)	174.58	173.81	172.86	182.72	14/2	141.05	21/4

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Aug	2108.0	2084.0	-33.0	2111.0	2081.0	-	24,161
Sep	2114.5	2081.5	-33.0	2117.0	2080.0	715	27,188
Dec	2143.0	2120.0	-35.0	2143.0	2120.0	116	7,990

Open interest figures for previous day.

Base values of all indices are 100 except Australia All Ordinary and ... Euro Top-100, ISEQ Overall; Toronto Comp./Metals & ... All Common – 50 and Standard and Poor's – 10. §§ ... Aug 9 - 2160.66 -21.76

US INDICES

Dow Jones	Aug 8	Aug 5	Aug 4	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3753.81	3747.02	3765.79	3978.36 (31/1)	3[illegible] (28/7)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	98.05	98.07	98.26	105.61 (21/1)	98.43 (13/5)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1599.56	1586.23	1604.28	1862.29 (2/2)	1546.82 (20/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	189.69	189.43	191.34	227.06 (3/1)	176.71 (24/6)	256.46 (21/9/93)	10.50 (8/4/32)

DJ Ind. Day's High 3780.65 (3780.65) Low 3732.77 (3725.00) (Theoretical)
Day's high (u) (3765.78) Low (u) (3742.10) (Actual)

Standard and Poors	Aug 8	Aug 5	Aug 4	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	457.09	457.09	458.40	482.00 (2/2)	438.92 (4/4)	534.19 (29/7/94)	4.40 (1/6/32)
Industrials♥	533.46	532.10	533.36	580.50 (2/2)	510.06 (21/4)	580.50 (2/2/94)	3.62 (21/6/82)
Financial	44.90	44.89	45.08	46.04 (14/6)	41.39 (4/4)	48.49 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	252.99	252.50	253.27	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	441.80	440.34	441.35	487.89 (2/2)	422.87 (20/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	720.47	718.87	720.18	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Aug 5	Jul 29	Jul 22	Year ago
Dow Jones Ind. Div. Yield	2.72	2.72	2.74	2.87
	Aug 3	Jul 27	Jul 20	Year ago
S & P Ind. Div. yield	2.42	2.45	2.46	2.58
S & P Ind. P/E ratio	23.55	23.13	23.07	25.06

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	457.70	456.80	-1.15	457.90	458.50	30,131	194,512
Dec	459.05	459.20	-1.20	459.50	459.05	1,041	18,797
Mar	-	462.50	-	-	462.20	317	3,163

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Telefonos	4,600,800	64¼	+1⅛
RJR Nabisco	3,753,200	6⅞	+⅛
Compaq	3,324,000	34½	+⅞
Merck	2,461,000	30½	+⅛
Pepsico	2,174,000	31⅝	+⅜
Ford Motor	2,107,800	30⅛	+⅝
Loews Cos	2,048,400	32⅞	+1⅛
Countrywide	2,005,900	14⅝	-⅛
Chrysler	1,955,100	46⅝	+⅜
Amer Cyan	1,913,600	91	-⅛

■ TRADING ACTIVITY

● Volume (million)

	Aug 8	Aug 5	Aug 4
New York SE	217.677	230.298	269.141
Amex	11.387	12.753	15.026
NASDAQ	201.361	210.125	246.630
NYSE			
Issues Traded	2,856	2,837	2,832
Rises	1,161	782	904
Falls	955	1,329	1,197
Unchanged	740	726	731
New Highs	35	27	43
New Lows	45	50	28

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close August 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅞	13⅜	AAR	0.48	3.4	475	55	14¼	14⅛	14¼	+⅛
16⅞	12⅝	A L Labs A	0.18	1.3	31	38	13¾	13½	13¾	+¼
75¼	57⅝	AMP x	1.68	2.3	26	1723	74⅝	73⅞	74½	+½
72¾	52⅛	AMR			100	3788	57½	56½	57¼	+¾
5	3⅞	ARX			13	38	4	3⅞	4	
56⅛	38⅝	ASA	2.00	4.4	30	200	45⅝	45⅜	45½	
31⅞	25⅞	AbbtL	0.76	2.8	16	6750	27½	27⅛	27½	+⅜
13¾	11⅛	Abitibi Pr	0.50	3.7	9	148	13⅝	13½	13⅝	+⅛
23⅝	17¼	ABM Ind	0.52	2.3		58	22¾	22	22¾	+¼
14⅞	11⅛	Acptmedn			28	261	14¼	13⅞	14¼	+⅜
31	22¾	ACE Ltd	0.44	1.9	3	667	23⅝	23⅜	23½	+⅛
12½	10⅛	ACM Gvt In x	1.09	10.3		151	10¾	10⅝	10⅝	-⅛
10⅛	7⅞	ACM GvOpp x	0.80	9.6		27	8¼	8⅛	8¼	+⅛
10⅝	7¾	ACM Gvt Sp x	0.96	12.0		204	8	7⅞	8	
12	9	ACM Gvt Se x	1.09	12.0		291	9⅛	9	9⅛	
11⅞	8⅛	ACM Man x	1.08	12.5		231	8¾	8½	8⅝	
9¼	8	ACM Managd x	0.72	9.0		108	8⅛	8	8	
15½	8¾	AcmeClv x	0.44	3.8	14	80	11¾	11½	11½	-⅛
9¾	6½	Acme Elect			8	182	u9⅞	9⅝	9⅝	-⅛
28¼	23	Acordia	0.60	2.4	12	14	25½	25½	25½	-⅛
10½	5¾	Actava	0.36	3.6	3	340	10⅜	10	10¼	-⅛
15⅝	11¼	Acuson			98	142	12⅝	12⅛	12½	-¼
[illegible]										

Continued on next page

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4 pm close August 9

NYSE COMPOSITE PRICES

Continued from previous page

1994 High	Low	Stock	Div.	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
[illegible]										

- V -

- W -

- U -

- X - Y - Z -

- T -

NASDAQ NATIONAL MARKET

4 pm close August 9

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
[illegible]							

- A - - B - - C - - D - - E - - F - - G - - H - - I - - J - - K - - L - - M - - N - - O - - P - Q - - R - - S - - T - - U - - V - - W - - X - Y - Z -

AMEX COMPOSITE PRICES

4 pm close August 9

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
[illegible]							

FINANCIAL TIMES Wednesday August 10 1994

AMERICA

Traders wait for auction, inflation data

Wall Street

US share prices were mostly flat in listless trading yesterday morning as dealers and investors remained on the sidelines awaiting a lead from the bond market, *writes Patrick Harverson in New York.*

By 1pm, the Dow Jones Industrial Average was down 2.26 at 3,751.55, never having strayed far from its opening mark throughout the morning session. The more broadly based Standard & Poor's 500 was also little changed at the halfway mark, off 0.30 at 457.59, while the American Stock Exchange composite was up 0.63 at 442.23 and the Nasdaq composite ahead 0.78 at 721.25. Trading volume on the New York Stock Exchange was 155m shares by 1pm.

As on Monday, share prices took their cue from bonds yesterday morning. The Treasury market was subdued in early trading because participants were reluctant to commit funds ahead of the afternoon auction of $17bn in new three-year notes. The lack of action in the bond market, where prices were flat to weaker and the yield on the benchmark 30-year bond hovered around 7.57 per cent, left stocks equally unmoved.

Equity investors were also wary of the market yesterday because of the approaching release of July inflation figures. The producer and consumer prices indices are due to be published today and tomorrow, and analysts warn that if the inflation numbers are worryingly high the Federal Reserve, already troubled by recent strong growth in the labour market, could decide to raise interest rates once more to cool down the economy.

Among individual sectors, bank stocks were marginally weaker, unsettled by talk of higher interest rates. Bankers Trust fell $¾ to $67⅛, Chase Manhattan gave up $¼ at $35⅞, Citicorp dropped a similar amount to $41⅛, and Chemical Bank slipped $¼ to $37⅞.

Other financials were also lower, with the securities houses Salomon down $⅛ at $42⅝, Merrill Lynch off $⅜ at $36¼, Bear Stearns down $¼ at $16½, and Morgan Stanley $⅛ lower at $62⅝.

Leading technology stocks were lifted by reports that a top mutual fund was positive on the sector. Texas Instruments rose $1½ to $81, IBM added $1 at $64¼, and the Nasdaq-quoted Intel added $1 at $59.

Shares in the Equitable insurance group fell $¾ to $20⅝ as second quarter earnings came in below market expectations, partly because of a big drop in profits at the Equitable's securities unit, Donaldson Lufkin & Jenrette.

Storage Technology dropped $1⅞ to $37¼ and Network Systems, which is quoted on the Nasdaq market, rose $⅞ to $9 after the two companies announced plans to merge later this year in a stock-for-stock transaction.

Colgate-Palmolive jumped $1 to $53¼ after an analyst at securities house Morgan Stanley raised her investment rating for the stock from "hold" to "buy".

Canada

Toronto stocks continued to move sideways as investors awaited US inflation data due to be released later this week.

The TSE 300 composite index gained 2.64 at 4,178.00 by midday in volume of 32.3m shares valued at C$370.62m.

Declines outweighed advances by 307 to 234, with 277 issues holding steady.

Maple Leaf Gardens, the sports venue operator, continued to rise ahead of a shareholders meeting later yesterday which was to vote on a takeover bid by Mr Steve Stavro, an entrepreneur. Maple Leaf added C$4 at C$49.

Other active issues included Nova, up C$¼ at C$13 with 4.76m shares traded, helped by higher methanol prices.

EUROPE

Warning note as weak bonds pressure equities

Pressure on bond markets left bourses lower, *writes Our Markets Staff.*

Mr Albert Edwards, global strategist at Kleinwort Benson, sounded a warning note about recent bourse gains. German and French equity markets had seen rises of 7.9 and 11.4 per cent in the five weeks since June 30, regaining much of the ground they had lost – falls of 10.7 and 16.6 per cent respectively – in the first six months of this year.

Many commentators were consigning the depressing first-half performance to the history books, said Mr Edwards, who contended that the fear of higher US interest rates and global inflation, which drove markets down in the first six months of this year, would continue to be a depressing influence in the second half.

FRANKFURT's Dax index declined 20.47 to 2,164.20 after pressure on bund futures and conflicting theories on interest rates.

Turnover stayed low at DM5.4bn, after DM4.7bn. Ms Barbara Altmann said the accelerated economic growth which excited equities last week was used yesterday to support theories that the decline in interest rates was coming to an end. Kidder Peabody, meanwhile, said on Monday that interest rate cuts were likely after Germany's federal elections in October.

Financials reflected the weakness in bunds, with Allianz DM44 lower at DM2,428. Degussa produced a 54 per cent rise in profits, compared with Metzler's expectation of a 60 per cent gain, but the shares still rose DM6.50 to DM513.50.

AMSTERDAM was generally disappointed by Polygram's first-half results, which came in at the lower end of analysts' expectations. The shares fell to a session's low of Fl 77.10 before picking up a little towards the end of the day, closing off Fl 3.30 at Fl 77.90.

In spite of yesterday's setback, analysts at Kleinwort Benson in London remained broadly positive on the company and remarked that the recent success of its film unit would make a significant contribution to second-half earnings. The market would now be looking ahead to results from its parent group, Philips, off 60 cents at Fl 55.80, due to be released tomorrow.

The AEX index, down 4.53, or 1 per cent, at 416.83, was affected by bond weakness, as well as sharp corrections in a number of leading stocks which had been performing well in recent days ahead of results. Unilever, for instance, dipped Fl 5.30 to Fl 194.80, erasing all of Monday's gain.

After the market closed, Fokker, off 30 cents at Fl 16.20, announced that it would not after all be publishing its first-half results this Friday as had been expected. The aircraft manufacturer was expected to reveal a further deterioration in earnings.

PARIS stayed in the doldrums, with the 1.5 per cent fall in the CAC-40 index occurring amid very low turnover, estimated at FFr2.7bn. The index lost 31.86 to 2,074.48 as the equity market took its cue from weakness in the Matif.

In a session devoid of major features, Rhône-Poulenc slipped FFr2.40 to FFr140.60. James Capel maintained its hold recommendation on the chemcials group following last week's results. Capel said that since the shares had lost most of the strength built up during March and April, a period of relative outperformance could be expected, particularly in light of the economic recovery under way in Europe.

ZURICH dealers said that trading was largely driven by derivatives as the SMI index finished 32.0 lower at 2,585.5 following thin volume.

In financials, where existing pressure after first-half results was heightened by bond market worries, UBS fell another SFr23 to SFr1,117; CS Holding lost SFr10 at SFr550.

Industrials were relatively strong, but Roche certificates lost SFr30 at SFr5,670 after their recent gains, and Brown Boveri fell SFr17 to SFr1,272.

MADRID said that the weak bond market led to a bout of profit-taking but the obvious stocks did not suffer. In banks, fairly flat as a sector, Popular and Bankinter actually managed to rise. Recently the subject of buy recommendations, the shares put on Pta40 at Pta15,880 and Pta30 at Pta12,470 respectively.

The general index receded 2.49 to 320.99 in turnover of Pta21.30bn. Losers included the recently ebullient construction sector, with Cubiertas down Pta300 at Pta11,130 and FCC Pta370 lower at Pta14,700; and the US-quoted Telefónica, Repsol and Endesa off Pta15 at Pta1,825, Pta75 at Pta4,200 and Pta60 at Pta6,230 respectively.

MILAN was easier, with losses seen especially in the telecoms sector. The Comit index shed 6.43 to 669.33.

Some brokers remarked that a further brake on activity was the approach of the end of the account.

Among telecoms shares, Stet slid L120 to L5,150 while Sip, the domestic telephone operator, fell L90 to L4,390.

TEL AVIV continued to strengthen, the Mishtanim index gaining 3.93, or 2.1 per cent, at 194.19. Political progress between Israel and Jordan, favourable second-quarter company results and improving investor confidence were the main driving factors.

Mr David Duke, a consultant at Israel and Overseas Investment in Tel Aviv, suggested that since the market's falls at the beginning of the year, investors had been waiting for it to stabilise. He said that increasing market trading volume reflected greater investor confidence and added that many individual corporate difficulties which had troubled the market had now been cleared.

FT-SE Actuaries Share Indices

THE EUROPEAN SERIES

Aug 9 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1405.10	1403.91	1401.72	1400.77	1399.13	1395.05	1393.50	1393.35
FT-SE Eurotrack 200	1447.93	1446.48	1445.42	1444.41	1442.82	1439.15	1438.98	1438.28

	Aug 8	Aug 5	Aug 4	Aug 3	Aug 2
FT-SE Eurotrack 100	1409.19	1406.12	1409.38	1415.07	1416.02
FT-SE Eurotrack 200	1450.01	1446.98	1446.61	1452.21	1450.53

Base 1000 (26/10/90); High/day: 100 - 1405.49; 200 - 1447.93 Low/day: 100 - 1392.75 200 - 1438.38

Written and edited by William Cochrane, John Pitt and Saqib Qureshi

ASIA PACIFIC

Setback for Shanghai A shares as Nikkei declines

Tokyo

Although the dollar's rise to the Y101 level supported share prices in the morning, the Nikkei 225 average finally closed lower on arbitrage unwinding and selling by dealers, *writes Emiko Terazono in Tokyo.*

The index ended 45.61 down at 20,590.22 after a day's high of 20,774.75 in the morning and a low of 20,583.22 in the afternoon. The dollar moved above Y101 for the first time in six weeks, while a rise in the Chicago futures market on Monday prompted buying by arbitrageurs. But afternoon selling eroded the gains.

Volume was 259.3m shares, against 225m. Small-lot buying supported a wide range of stocks, but lack of follow-through buying, mostly due to summer holiday absences, prompted profit-taking.

The Topix index of all first section stocks shed 0.63 to 1,656.15, while the Nikkei 300 firmed 0.07 to 301.01. Declines led advances by 517 to 472, with 163 issues unchanged. In London the ISE/Nikkei 50 index edged up 0.28 to 1,343.24.

The day's four most active stocks were steels on buying by foreign investors: Sumitomo Metal Industries, the day's most active issue, put on Y3 at Y323, Nippon Steel eased Y1 to Y368, Kawasaki Steel gained Y4 at Y368 and NKK dipped Y3 to Y281.

Chemical issues, expected to record an increase in earnings due to a recovery in industrial production, were higher on continued foreign buying. Showa Denko added Y6 at Y367 and Ube Industries Y5 at Y410.

Takasago International, the fragrance maker, rose Y19 to Y840. The company supplies fragrances for cigarettes to Japan Tobacco, whose shares are being auctioned next week ahead of its listing in October.

Profit-taking depressed Aids-related stocks, which have been supported recently by interest related to the International Aids Conference currently being held in Yokohama. Green Cross, the blood plasma maker, fell Y40 to Y1,130 and Ajinomoto, the foods maker which is involved in the development of an Aids cure, declined Y40 to Y1,320.

East Japan Railway lost Y2,000 at Y520,000: after the market closed, the Tokyo stock exchange authorities said it would add JR East to its list of stocks eligible for margin trading from August 18.

In Osaka, the OSE average gained 28.46 at 23,017.20 in volume of 43.8m shares.

Roundup

Second thoughts in Shanghai, and weakness in Hong Kong and Wellington, were the outstanding features in the region.

SHANGHAI's A shares plunged by 13.1 per cent in a powerful technical correction following the index gain of more than 117 per cent in the previous six trading days. The index lost 95.63 at 633.90 in reduced turnover of Yn6.87bn.

Analysts suggested that market sentiment was still strong but expected the consolidation to continue today. Shanghai's B index, meanwile, was dragged lower by general weakness in sentiment to 77.02, a decline of 1.92.

HONG KONG lost nearly 1 per cent, the blue-chip Hang Seng Index falling 91.44 to 9,446.43 in thin trade. Analysts suggested that investors were holding back over interest rate uncertainty and did not expect trading to pick up until the US FOMC meeting.

The garment retailer Giordano slid 20 cents to HK$3.99 after the Chinese authorities ordered the closure of its Beijing store.

WELLINGTON fell 1.4 per cent amid worries about Saturday's by-election in the vacant parliamentary seat of Selwyn, the NZSE-40 capital index closing 30.39 lower at 2,076.23.

The market was shaken by Prime Minister Jim Bolger's comments warning of disaster if the opposition Alliance won the by-election, a prospect which a poll saw as increasingly possible. A win by the Alliance, which has said it would raise taxes on the rich and redesign the Reserve Bank Act, would be taken negatively by the markets.

AUSTRALIA ended slightly higher on firm futures in turnover of 161m shares worth A$252.7m. The All Ordinaries index moved up 5.7 to 2,086.8 as the September futures contract rallied 12 to 2,103, four points off its high.

BHP climbed 14 cents to A$19.62; but Coca-Cola Amatil receded 7 cents to A$9.28 after reports of analysts reacting coolly to the company's interim net profits.

KARACHI finished a shade firmer on institutional demand for blue chips. The Karachi Stock Exchange 100-share price index put on 2.44 at 2,292.01.

ICI Pakistan gained Rs6 at Rs233 on expectations of good results being announced next week.

General bullishness in the mutual fund sector, and prospects of good half-year and annual results, pushed First Confidence Modaraba ahead Rs1.50 to Rs24.00 and LTV Modoraba up Rs1.55 to Rs24.30.

BOMBAY gained ground on buying across a broad front. The BSE 30-share index closed 21.74 higher at 4,319.08 as analysts said investment buying was strong but that overseas funds had withdrawn from the market.

Mexico sees profit-taking

Mexican stocks fell back on profit-taking at the opening, following on from Monday's 1.5 per cent decline, and a rise of almost 8 per cent over the course of last week.

One of the exceptions to the easier tone was Telmex, which saw its ADRs on Wall Street gain ground.

Traders said Telmex's slight upward movement would normally have held the market steady, but profit-taking was at such levels that the market fell back.

The IPC index was off 13.24 at 2,590.72 in early trade. Turnover had reached 63.2m pesos in volume of 10.5m shares.

In the domestic market, Telmex "L" shares, which are available to foreign investors, were slightly weaker.

In the retailing sector, Cifra, the retailer, saw its "C" shares shed 2 centavos to 9 pesos, while Gigante was off 5 centavos, or 2.4 per cent, at 1.99 pesos. Telmex holding company Grupo Carso was unchanged at 36.6 pesos.

In the financial sector, Grupo Financiero Bancomer "C" shares were down 7 centavos, or 1.45 per cent, at 4.63 pesos and Banacci "C" shares slipped 10 centavos to 24.6 pesos.

Further gains in South Africa

Equities in Johannesburg continued to make ground as the recent positive mood continued. Analysts suggested that local buying in the gold market and light foreign interest were the main factors for yesterday's rises, and they expected further gains if gold bullion prices and the world's equity markets remained firm.

The overall index added 65 at 5,823, industrials advanced 60 to 6,656 and the golds index rose 54 to 2,157.

Among the day's active stocks, Joel, the gold miner, gained 20 cents at R7.25 following recent positive quarterly results.

Sasol, the chemicals group, extended its recent gains, adding R1.25 at R33.25, a new high for the year. Analysts forecast that the stock could reach R35 in the short term.

De Beers moved ahead R1.50 to R119.25, Anglos R2 to R254 and Richemont R1.50 to R39.

New index for ASX tourism and leisure

By Nikki Tait in Sydney

The Australian Stock Exchange, which is in the process of revamping the stock market's indices, unveiled a new "tourism and leisure" index this week. At the outset, this will cover nine stocks with a current market capitalisation of A$3.6bn.

The ASX said the move reflected worries that a lack of information on the returns notched up by the tourism sector might be restraining investment. The new index, it said, would provide an easily accessible yardstick. The tourism business is expanding fairly rapidly in Australia at present, helped by a surge in casino developments, Asian tourist trade, and the decision to let Sydney host the Olympic Games in the year 2000.

The nine stocks which will make up the index at the outset include AAPC (the Accor Asia hotel group), a number of casino companies such as Burswood, Crown Casino and Jupiters, as well as Sea World, Village Roadshow and Hamilton Island.

The ASX said they are likely to be augmented in the future as other tourism-related stocks come to the equity market. Likely inclusions are Qantas, the Australian airline which the federal government is due to privatise next year, the Sydney Casino, and TABcorp, which runs a chain of betting shops in Victoria and is being privatised by the state government there at present.

For inclusion in the index, companies must have a market capitalisation of more than A$60m, be members of the All-Ordinaries index, get most of their profits from tourism or leisure, and have stock turnover of at least 0.5 per cent per month for three months.

Last month, the ASX launched a new "ASX100" index, covering the 100 top stocks in the market. It plans to bring in a range of large, mid-cap, and small company indices later this year. There is strong competition between exchanges in the Asia-Pacific regions, and a growing realisation that active marketing efforts are necessary to secure investors' dollars.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	MONDAY AUGUST 8 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY AUGUST 5 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (69)	176.34	-0.7	169.54	112.97	144.96	158.37	-0.6	3.48	177.56	170.76	112.78	146.05	159.28	189.15	139.24	141.89
Austria (17)	191.62	0.0	184.23	122.75	157.51	157.54	-0.1	1.01	191.55	184.22	121.67	157.58	157.64	195.41	164.13	164.13
Belgium (37)	176.76	0.2	169.95	113.24	145.30	141.93	0.2	3.90	176.34	169.60	112.01	145.05	141.59	178.76	143.62	148.67
Canada (105)	128.55	0.6	123.60	82.35	105.67	128.52	0.1	2.64	127.80	122.91	81.17	105.12	128.33	145.31	120.54	125.38
Denmark (33)	271.63	-0.5	261.41	174.17	223.49	230.03	-0.6	1.29	273.37	262.91	173.64	224.56	231.29	275.78	211.26	215.99
Finland (24)	162.47	-0.2	156.21	104.08	133.55	176.99	-0.5	0.80	162.87	156.64	103.45	133.97	177.93	164.23	104.26	108.83
France (97)	179.92	-0.1	172.98	115.26	147.89	152.78	-0.1	2.88	180.00	173.12	114.33	148.06	152.86	185.37	159.13	161.94
Germany (58)	146.27	0.1	140.64	93.71	120.24	120.24	0.1	1.72	146.08	140.50	92.79	120.16	120.16	147.24	118.21	119.83
Hong Kong (56)	386.96	-0.7	372.05	247.90	318.09	383.51	-0.7	3.16	389.80	374.89	247.59	320.64	386.65	506.56	286.76	295.02
Ireland (14)	206.85	-0.2	198.89	132.51	170.03	191.02	-0.3	3.24	207.25	199.33	131.64	170.48	191.66	209.33	161.54	164.99
Italy (61)	84.57	-1.3	81.31	54.18	69.52	99.66	-1.3	1.53	85.70	82.42	54.44	70.50	101.01	97.78	57.88	72.65
Japan (469)	163.31	-0.3	157.02	104.62	134.24	104.62	0.6	0.73	163.87	157.60	104.08	134.79	104.08	170.10	124.54	157.52
Malaysia (98)	519.99	-1.2	499.95	333.12	427.44	517.08	-0.9	1.59	526.15	506.03	334.20	432.60	521.68	621.63	361.95	382.35
Mexico (18)	2238.60	2.2	2152.50	1434.20	1840.27	8291.67	2.6	1.61	2189.79	2106.03	1390.91	1801.24	8082.83	2647.08	1615.11	1642.27
Netherland (27)	214.54	0.4	206.28	137.44	176.36	173.89	0.3	3.28	213.62	205.45	135.69	175.72	173.28	214.54	171.91	171.91
New Zealand (14)	72.23	-0.2	69.45	46.27	59.36	63.44	-0.3	3.77	72.39	69.62	45.98	59.55	63.61	77.59	56.66	57.85
Norway (23)	210.55	0.6	202.44	134.89	173.07	197.40	0.5	1.67	209.36	201.35	132.98	172.21	196.43	211.74	163.92	164.35
Singapore (44)	356.29	-0.3	342.56	228.25	292.68	247.11	-0.5	1.71	357.49	343.82	227.07	294.07	248.22	378.92	261.85	261.85
South Africa (59)	296.05	0.1	284.64	189.65	243.35	296.04	0.6	2.10	295.85	284.53	187.92	243.35	294.22	296.05	175.93	198.70
Spain (42)	149.84	0.4	144.07	95.99	123.17	147.59	0.4	3.91	149.27	143.56	94.82	122.79	147.01	155.79	119.38	121.47
Sweden (36)	225.28	0.9	216.60	144.32	185.19	257.92	0.8	1.65	223.17	214.63	141.76	183.57	255.77	231.35	175.83	165.04
Switzerland (47)	161.17	0.9	154.96	103.25	132.48	133.24	0.9	1.82	159.65	153.54	101.41	131.32	132.11	176.66	127.57	130.81
United Kingdom (204)	199.84	0.2	192.14	128.02	164.27	192.14	0.2	3.94	199.38	191.76	126.65	164.01	191.76	214.98	179.29	181.51
USA (519)	187.12	0.2	179.91	113.87	153.61	187.12	0.2	2.68	186.80	179.66	118.65	153.66	186.80	198.04	178.95	183.50
EUROPE (720)	174.70	0.2	167.96	111.91	143.60	156.08	0.1	2.94	174.39	167.72	110.77	143.44	157.87	178.56	148.76	150.49
Nordic (116)	220.11	0.4	211.63	141.01	180.93	215.60	0.3	1.38	219.28	210.88	139.26	180.37	215.03	222.03	172.02	173.26
Pacific Basin (749)	172.15	-0.4	165.51	110.28	141.51	114.98	0.3	1.05	172.84	166.23	109.79	142.18	114.58	176.86	134.79	161.07
Euro-Pacific (1469)	173.09	-0.2	166.42	110.89	142.28	132.13	0.2	1.85	173.36	166.73	110.12	142.60	131.81	173.89	143.88	156.61
North America (624)	183.49	0.2	176.42	117.56	150.83	183.10	0.2	2.87	183.14	176.14	116.33	150.65	182.79	192.73	175.67	179.89
Europe Ex. UK (516)	157.25	0.1	151.18	100.73	129.25	137.58	0.1	2.35	157.01	151.01	99.73	129.15	137.45	158.12	129.52	131.04
Pacific Ex. Japan (280)	258.73	-0.8	248.76	165.75	212.68	230.90	-0.7	2.79	260.68	250.72	165.56	214.44	232.47	296.21	198.30	196.42
World Ex. US (1651)	174.36	-0.1	167.64	111.70	143.33	135.67	0.3	1.87	174.55	167.87	110.87	143.58	135.29	175.01	145.58	156.90
World Ex. UK (1966)	175.41	0.0	168.65	112.37	144.19	147.86	0.2	2.04	175.47	168.76	111.46	144.34	147.49	176.51	155.96	163.15
World Ex. So. Af. (2111)	176.83	0.0	170.02	113.28	145.35	150.77	0.2	2.22	176.85	170.09	112.33	145.47	150.41	178.56	158.54	164.66
World Ex. Japan (1701)	187.29	0.1	180.07	119.98	153.95	179.19	0.1	2.86	187.04	179.89	118.81	153.86	178.96	195.20	170.30	170.69
The World Index (2170)	177.57	0.0	170.73	113.75	145.96	151.84	0.2	2.22	177.59	170.79	112.80	146.08	151.48	178.97	158.85	164.78

Constituent change 9/8/94: Name change: Kumayan Oil Palm to Kumayan Corp (Malaysia). 10/8/94: Deletion: Bow Valley Energy (Canada). Latest prices unavailable for this edition.